

Registered Number 02570509

Manchester United Limited
Annual report and financial statements
for the year ended 30 June 2016

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Manchester United Limited

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Manchester United Limited

Strategic report

Manchester United Limited (the "Company") operates a professional football club and is part of the Red Football Limited (the parent undertaking of the smallest group of undertakings to consolidate these financial statements) group (the "Group"). The directors present their Strategic report on the Company for the year ended 30 June 2016.

Review of the business

During the year Old Trafford staged 30 (2015: 23) match day events comprising 29 (2015: 22) Manchester United home games (19 FA Premier League, 4 domestic cup and 6 European competition) and 1 (2015: 1) Rugby League Grand Final.

Revenue for the year was £253.9 million (2015: £201.7 million). Operating profit for the year was £177.7 million (2015: £113.6 million). Profit on ordinary activities before tax for the year was £141.1 million (2015: £81.7 million). Profit on ordinary activities before tax for the year is after deducting net finance costs of £36.6 million (2015: £31.9 million).

In July 2015 the Company waived its right to receive certain amounts from MUTV Limited. Consequently loans owed amounting to £7,924,000 (see note 14) and amounts owed amounting to £1,528,000 were written off and a corresponding amount of £9,452,000 recognised as a further investment in MUTV Limited.

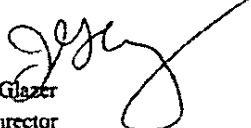
Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 5 and 6 of the Red Football Limited Group's Annual Report and financial statements which does not form part of this report. The Annual Report and financial statements of the Red Football Limited Group can be obtained from the Company Secretary, Red Football Limited, Old Trafford, Manchester, M16 0RA.

Key performance indicators

The directors of Red Football Limited manage the Group's operations on a group basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Manchester United Limited. The development, performance and position of the Group, which includes the Company, are discussed on page 4 of the Red Football Limited Group's Annual Report and financial statements, which does not form part of this report.

On behalf of the board


J. Glazer
Director

30 November 2016

Manchester United Limited

Directors' report

The directors present their report and audited financial statements of the Company for the year ended 30 June 2016

Dividends

The directors do not recommend the payment of a final dividend (2015 £nil)

Future developments

The Company continues to explore new commercial opportunities within the United Kingdom and overseas to further leverage the Manchester United brand

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company uses derivative financial instruments to hedge certain exposures. The policy for each of these risks is described in more detail below.

a) Market risk

Currency risk

The Company is exposed to the following currency risks:

- Significant amount of sponsorship revenue denominated in US dollars
- Predominantly US dollar denominated amounts owed to group undertakings

Currency risk is managed from the perspective of the Group as a whole. Further information can be found in note 24 to the consolidated financial statements contained within the Red Football Limited Group's annual report.

Interest rate risk

The Company has no significant interest bearing assets other than cash on deposit. Interest bearing liabilities include a portion of the amounts owed to group undertakings, any drawdown of the revolving credit facility and any bank overdraft which bears interest at a variable rate.

b) Credit risk

The Company derives Commercial and sponsorship revenue from certain corporate sponsors, including global, regional, mobile and supplier sponsors in respect of which the Company may manage its credit risk by seeking advance payments, instalments and/or bank guarantees where appropriate. The substantial majority of this revenue is derived from a limited number of sources.

Credit terms offered by the Company vary depending on the type of sale. Credit terms typically range from 14 - 30 days, although specific agreements may be negotiated in individual contracts with terms beyond 30 days.

c) Liquidity risk

The Company's liquidity position and short-term debt finance ensures that it has sufficient funds available for short-term working capital requirements and for investment in capital projects. The annual cash flow is cyclical in nature with a significant portion of cash inflows being received prior to the start of the playing season. Ultimate responsibility for liquidity risk management rests with the Executive Directors of Manchester United plc. The Executive Directors use management information tools including budgets and cash flow forecasts to constantly monitor and manage current and future liquidity. Cash flow forecasting is performed on a regular basis which includes rolling forecasts of the Company's liquidity requirements to ensure that the Company has sufficient cash to meet operational needs.

Manchester United Limited

Directors' report (continued)

Directors

The directors who held office throughout the year and up to the date of signing the financial statements (unless otherwise stated) were as follows

J Glazer (Chairman)

A Glazer

B Glazer

D Glazer Kassewitz

E Glazer

K Glazer

Qualifying third party indemnity provisions

At the time the report was approved a qualifying third party indemnity provision, made by the Manchester United plc Group was in place for the directors of Manchester United plc and its subsidiary companies. This qualifying indemnity provision was in force throughout the financial year.

Environmental policies

The Company recognises its responsibility to ensure a safe and healthy environment and will endeavour to maintain sound environmental performance through the continued maintenance of our proactive environmental management system, which is integrated into our overall business activities.

Employment policies

The Company is committed to its 'people philosophy' and, as a result, to promoting policies which ensure that employees and applicants for employment are treated fairly and consistently. The Group has an equal opportunities policy, the aim of which is to ensure employees or applicants for employment are not discriminated against on the grounds of age, disability, ethnic origin, nationality or national origin, religion, race, gender, sexual orientation, gender re-assignment, marital status or family circumstances. Entry into and progression within the Group is determined solely by the job criteria and personal ability/competence.

The Company also seeks to apply best practice in the employment, training, development and promotion of disabled persons. The Company takes seriously its statutory obligations relating to disabled persons and seeks not to discriminate against current or prospective employees because of a reason relating to their disability. If an existing employee becomes disabled, such steps that are practical and reasonable are taken, in respect of adjustments to premises or employment arrangements, to retain him/her in employment. Where appropriate, rehabilitation and suitable training are given.

Employees are regularly updated on the performance of the Company. This is achieved through a broad base of communications including monthly management meetings, staff briefings and announcements. Employees' views are sought through staff surveys and action plans are then developed to target priority for improvement areas. The Company is continuing with its focus on reward and recognition of performance as one of these priorities for improvement and its focus on a total reward strategy which has three principal components: compensation (pay package), benefits and the work experience. Schemes are continually introduced which focus on rewarding individual performance.

The Company has established its Vision and Values and these are communicated to all employees. Our Vision and Values are directly linked to performance and development review procedures, training and organisational change programmes and reward and recognition initiatives, which apply to all our employees.

Manchester United Limited

Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- 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.

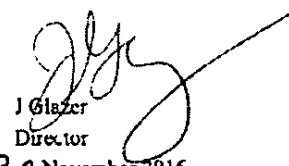
Statement of disclosure of information to auditors

Each director who is a director at the date of approval of this Annual Report and financial statements confirms that:

- a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the board



J. Glazer
Director

30 November 2016

Manchester United Limited

Independent auditors' report to the members of Manchester United Limited

Report on the financial statements

Our opinion

In our opinion, Manchester United Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 30 June 2016 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

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise

- the Balance sheet as at 30 June 2016,
- the Income statement and Statement of comprehensive income for the year then ended,
- the Statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require from our audit, or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Manchester United Limited

Independent auditors' report to the members of Manchester United Limited

(continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 6, 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 & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Graham Parsons (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
(December 2016

Manchester United Limited **Income statement**

		Year ended 30 June	
		2016 £'000	2015 £'000
Revenue	4	253,892	201,686
Operating expenses – excluding exceptional items	5	(76,363)	(82,317)
Operating expenses – exceptional items	6	218	(5,722)
Total operating expenses		(76,145)	(88,039)
Operating profit		177,747	113,647
Finance costs		(36,946)	(32,216)
Finance income		340	304
Net finance costs	8	(36,606)	(31,912)
Profit on ordinary activities before tax		141,141	81,735
Tax	9	(48,605)	(32,013)
Profit for the year		92,536	49,722

Manchester United Limited **Statement of comprehensive income**

	Year ended 30 June	
	2016 £'000	2015 £'000
Profit for the year	92,536	49,722
Other comprehensive loss:		
Items that may be subsequently reclassified to profit or loss		
Fair value movements on cash flow hedges	(41,080)	(34,176)
Tax credit relating to cash flow hedges	6,455	6,890
Other comprehensive loss for the year, net of tax	(34,625)	(27,286)
Total comprehensive income for the year	57,911	22,436

Manchester United Limited **Balance sheet**

As at 30 June

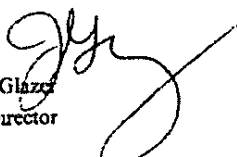
	Note	2016 £'000	2015 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	21,714	22,633
Investment property	12	6,518	6,599
Intangible assets	13	802	798
Investments	14	31,269	29,523
Derivative financial instruments	15	3,052	-
Deferred tax asset	16	15,850	8,465
		79,205	68,018
Current assets			
Derivative financial instruments	15	2,196	27
Trade and other receivables	17	1,030,437	880,553
Cash and cash equivalents		74,232	85,531
		1,106,865	966,111
Total assets		1,186,070	1,034,129

Manchester United Limited
Balance sheet (continued)

		As at 30 June	
	Note	2016 £'000	2015 £'000
EQUITY AND LIABILITIES			
Equity			
Share capital	18	26,519	26,519
Share premium		7,756	7,756
Capital contribution reserve		68,404	68,404
Hedging reserve		(61,911)	(27,286)
Retained earnings		272,280	199,828
		313,048	275,221
Non-current liabilities			
Derivative financial instruments	15	9,710	178
Trade and other payables	19	487,534	413,697
Deferred revenue		38,443	21,056
		535,687	434,931
Current liabilities			
Current tax liabilities		5,763	1,639
Trade and other payables	19	197,996	190,507
Deferred revenue		133,576	131,831
		337,335	323,977
Total equity and liabilities		1,186,070	1,034,129

The notes on pages 14 to 33 are an integral part of these financial statements

The financial statements on pages 9 to 33 were approved by the board of directors on 30 November 2016 and were signed on its behalf by:


J Glazer
Director

Registered Number 02570509

Manchester United Limited

Statement of changes in equity

	Share capital £'000	Share premium £'000	Capital contribution reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2014	26,519	7,756	68,404	-	150,106	252,785
Profit for the year	-	-	-	-	49,722	49,722
Cash flow hedges	-	-	-	(34,176)	-	(34,176)
Tax credit relating to cash flow hedges	-	-	-	6,890	-	6,890
Total comprehensive income for the year	-	-	-	(27,286)	49,722	22,436
Balance at 30 June 2015	26,519	7,756	68,404	(27,286)	199,828	275,221
Profit for the year	-	-	-	-	92,536	92,536
Cash flow hedges	-	-	-	(41,080)	-	(41,080)
Tax credit relating to cash flow hedges	-	-	-	6,455	-	6,455
Total comprehensive income for the year	-	-	-	(34,625)	92,536	57,911
Dividends paid (note 10)	-	-	-	-	(20,084)	(20,084)
Balance at 30 June 2016	26,519	7,756	68,404	(61,911)	272,280	313,048

Details of movements on the hedging reserve are provided in note 24.2

Manchester United Limited

Notes to the financial statements

1 General information

Manchester United Limited (the “Company”) is a private company limited by share capital domiciled and incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is Sir Matt Busby Way, Old Trafford, Manchester, M16 0RA. The registered number of the Company is 02570509.

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Manchester United Limited have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of International Financial Reporting Standards (“IFRS”) have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, “Financial instruments disclosures”,
- Paragraphs 91 to 99 of IFRS 13, “Fair value measurement” (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities),
- Paragraph 38 of IAS 1, “Presentation of financial statements” comparative information requirements in respect of
 - (i) paragraph 79(a)(iv) of IAS 1,
 - (ii) paragraph 73(e) of IAS 16 “Property, plant and equipment”,
 - (iii) paragraph 118(e) of IAS 38 “Intangible assets”, and
 - (iv) paragraphs 76 and 79(d) of IAS 40 “Investment property”
- The following paragraphs of IAS 1 “Presentation of financial statements”
 - 10(d), (statement of cash flows),
 - 10(f), (a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third balance sheet),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, “Statement of cash flows”,
- Paragraphs 30 and 31 of IAS 8 “Accounting policies, changes in accounting estimates and errors” (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective),
- Paragraph 17 of IAS 24, “Related party disclosures” (key management compensation),
- The requirements in IAS 24, “Related party disclosures” to disclose related party transactions entered into between two or more members of a group.

Manchester United Limited

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.2 Consolidation

The Company is a wholly owned subsidiary of Red Football Limited and of its ultimate parent undertaking and controlling party, Red Football Limited Partnership. It is included in the consolidated financial statements of Manchester United plc which can be obtained from the website www.manutd.com. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are company only financial statements.

2.3 Segment reporting

The Company has one reportable segment, being the operation of a professional football club. The chief operating decision maker (being the Board and executive officers of Manchester United plc), who is responsible for allocating resources and assessing performance obtains financial information, being the Consolidated income statement, Consolidated balance sheet and Consolidated statement of cash flows, and the analysis of changes in net debt, about the Group as a whole. The Company has investment property, however, this is not considered to be a material business segment and is therefore not reported as such.

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Pounds Sterling which is also the Company's functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to unhedged loans owed to group undertakings are presented in the income statement within finance costs or income. All other foreign exchange gains and losses are presented in the income statement within operating expenses.

Manchester United Limited

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable from the Company's principal activities excluding value added tax. The Company's principal revenue streams are Commercial, Broadcasting and Matchday. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

a) Commercial

Commercial revenue comprises revenue receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed revenue, and fees for the Manchester United first team undertaking tours.

For sponsorship contracts any additional revenue receivable over and above the minimum guaranteed revenue contained in the sponsorship and licensing agreements is taken to revenue when a reliable estimate of the future performance of the contract can be obtained and it is probable that the amounts will not be recouped by the sponsor in future years. Revenue is recognised over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship rights enjoyed by the individual sponsor. In instances where the sponsorship rights remain the same over the duration of the contract, revenue is recognised on a straight-line basis. In respect of contracts with multiple elements, the Company allocates the total consideration receivable to each separately identifiable element based on their relative fair values, and then recognises the allocated revenue on a straight-line basis over the relevant period of each element.

Commercial revenue which is received in advance of a period end but relating to future periods is treated as deferred revenue. The deferred revenue is then released to revenue on an accruals basis in accordance with the substance of the relevant agreements.

b) Broadcasting

Broadcasting revenue represents revenue receivable from the sale of MUTV international rights. Broadcasting revenue which is received in advance of a period end but relating to future periods is treated as deferred revenue. The deferred revenue is then released to revenue on an accruals basis in accordance with the substance of the relevant agreements.

c) Matchday

Matchday revenue is recognised based on matches played throughout the year with revenue from each match being recognised only after the match to which the revenue relates has been played. Matchday revenue includes ground catering and Museum revenue. Matchday revenue which is received in advance of a period end but relating to future periods is treated as deferred revenue. The deferred revenue is then released to revenue as the matches are played.

d) Finance income

Finance income is recognised using the effective interest rate method.

e) Accrued revenue

Revenue from Matchday activities, broadcasting and commercial contracts, which is received after the period to which it relates, is accrued as earned.

f) Deferred revenue

Revenue from Matchday activities, broadcasting and commercial contracts, received or receivable prior to the period end in respect of future periods, is deferred.

Manchester United Limited

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.6 Operating leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Rentals receivable under sub-tenancy agreements (net of any incentives given to the lessee) are credited to the income statement on a straight line basis over the lease term. The risk and rewards of ownership on the sub-let property remain with the third party lessor.

2.7 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so 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.

2.8 Pension costs

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The Company's contributions into this scheme are reflected within the income statement when they fall due.

2.9 Current and deferred tax

The tax expense or credit for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income.

The current tax charge or expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to (or recovered from) the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Dividend distribution

Dividend distributions to the Company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when they are paid.

Manchester United Limited

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.11 Property, plant and equipment

Property, plant and equipment is initially measured at cost (comprising the purchase price, after deducting discounts and rebates, and any directly attributable costs) and is subsequently carried at cost less accumulated depreciation and any provision for impairment

Subsequent costs, for example, capital improvements and refurbishment, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where appropriate, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. With the exception of freehold property acquired before 1 August 1999, depreciation is calculated using the straight-line method to write-down assets to their residual value over their estimated useful lives as follows:

Freehold property	75 years
Computer equipment and software (included within Plant and machinery)	3 years
Plant and machinery	4-5 years
Fixtures and fittings	7 years

Freehold property acquired before 1 August 1999 is depreciated on a reducing balance basis at an annual rate of 1.33%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment charges arising are recognised in the income statement when the carrying amount of an asset is greater than the estimated recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use, and are calculated with reference to future discounted cash flows that the asset is expected to generate when considered as part of a cash-generating unit. Prior impairments are reviewed for possible reversal at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating expenses within the income statement.

2.12 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property is initially measured at cost (comprising the purchase price, after deducting discounts and rebates, and any directly attributable costs) and is subsequently carried at cost less accumulated depreciation and any provision for impairment. Investment property is depreciated using the straight-line method over 50 years.

Investment properties are reviewed for impairment when there is a triggering event such as a decline in the property market. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Prior impairments are reviewed for possible reversal at each balance sheet date.

Manchester United Limited

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.13 Intangible assets

Intangible assets comprise trademark registration costs and are initially measured at cost and are subsequently carried at cost less accumulated amortisation and any provision for impairment

Amortisation is calculated using the straight-line method to write-down assets to their residual value over the estimated useful lives as follows

Trademark registration costs	10 years
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The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date

2.14 Investments

Investments are held at cost less any provision for impairment in value. Impairment reviews are performed by the directors when there has been an indication of potential impairment

2.15 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedging relationship. The Company designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)

The Company hedges the foreign exchange risk on a portion of contracted, and hence highly probable, future US dollar revenues using the Company's US dollar loans owed to group undertakings net of the Company's US dollar cash balances as the hedging instrument. Foreign exchange gains or losses arising on re-translation of the Company's US dollar loans owed to group undertakings net of the Company's US dollar cash balances are now initially recognised in other comprehensive income, rather than being recognised in the income statement immediately. The foreign exchange gains or losses arising on re-translation of the Company's unhedged US dollar loans owed to group undertakings are recognised in the income statement immediately

The Company documents at inception of the hedge the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of the hedged items. The Company uses a variety of methods to assess hedge effectiveness depending on the nature and type of the hedging relationship, including critical terms comparison and dollar offset method

Derivatives embedded in other financial instruments or host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss

Movements on the hedging reserve in other comprehensive income are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as falling due after more than one year when the remaining maturity of the hedged item is more than 12 months, and as falling due within one year when the remaining maturity of the hedged item is less than 12 months

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to any ineffective portion is recognised immediately in the income statement

Manchester United Limited

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.16 Derivative financial instruments and hedging activities (continued)

Amounts previously recognised in other comprehensive income and accumulated in the hedging reserve within equity are reclassified to the income statement in the periods when the hedged item affects the income statement (for example, when the forecast transaction that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.17 Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less, they are classified as falling due within one year. If not, they are presented as falling due after more than one year.

2.18 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and, if applicable, other short-term highly liquid investments with original maturities of three months or less.

2.19 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Amounts payable are classified as falling due within one year if payment falls due within one year or less. If not, they are presented as falling due after more than one year.

2.20 Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds of the issue.

The capital contribution reserve arose as a result of capital contributions from parent undertakings.

The hedging reserve is used to reflect the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges.

Manchester United Limited

Notes to the financial statements (continued)

3 Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates, judgments and assumptions concerning the future. Estimates, judgments and assumptions 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 resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, judgments and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Revenue recognition—minimum guarantee

Minimum guaranteed revenue is recognized over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship benefits enjoyed by the individual sponsor. In instances where the sponsorship rights remain the same over the duration of the contract, revenue is recognized on a straight-line basis.

The minimum guarantee payable by adidas is subject to certain adjustments. Payments due in a particular year may increase if the club's first team wins certain competitions or decrease if the club's first team fails to participate in the Champions League for two or more consecutive seasons with the maximum possible reduction being 30% of the applicable payment for that year. Management's current best estimate is that the full minimum guarantee amount will be received, as management do not expect two consecutive seasons of non-participation in the Champions League.

b) Revenue recognition - estimates in certain commercial contracts

In addition to a minimum guarantee, certain commercial contracts include additional profit share arrangements based on cumulative profits earned from the exploitation of the Manchester United brand. Any additional profit share on such arrangements is only recognised when a reliable estimate of the future performance of the contract can be obtained and only to the extent that the revenue is considered probable. In assessing whether any additional profit share is probable and should therefore be recognised, management carry out regular reviews of the contracts and future financial forecasts, having regard to the underlying risk factors such as team performance and general economic conditions.

4 Revenue

The principal activity of the Company is the operation of a professional football club. All of the activities of the Company support the operation of the football club and the success of the first team is critical to the ongoing development of the Company. Consequently the chief operating decision maker regards the Company as operating in one material segment, being the operation of a professional football club.

All revenue derives from the Company's principal activity in the United Kingdom. Revenue can be analysed into its three main components as follows:

	2016 £'000	2015 £'000
Commercial	241,142	187,304
Broadcasting	-	2,240
Matchday	12,750	12,142
	253,892	201,686

Revenue derived from entities accounting for more than 10% of revenue in either 2016 or 2015 were as follows:

	2016 £'000	2015 £'000
adidas	72,746	-
General Motors (Chevrolet)	52,170	58,534

All non-current assets are held within the United Kingdom.

Manchester United Limited **Notes to the financial statements (continued)**

5 Operating expenses - excluding exceptional items

	2016 £'000	2015 £'000
Employee benefit expense (note 7)	(41,524)	(41,112)
Operating lease costs – land and buildings	(2,150)	(2,071)
Operating lease costs – plant and machinery	(17)	(23)
Auditors' remuneration audit services	(369)	(324)
Auditors' remuneration tax compliance services	(228)	-
Auditors' remuneration other services	-	(18)
Loss on disposal of property, plant and equipment	(60)	-
Depreciation – property, plant and equipment (note 11)	(1,442)	(1,490)
Depreciation – investment property (note 12)	(81)	(81)
Amortisation (note 13)	(157)	(153)
Other operating expenses	(30,335)	(37,045)
	(76,363)	(82,317)

In addition to the auditors' remuneration charges disclosed above for the year ended 30 June 2015 are amounts of £305,000 relating to tax planning advice, general assurance and other advice in connection with the debt refinancing in June 2015 and either amortised through finance costs or carried forward in the balance sheet as unamortised debt issue costs

6 Operating expenses - exceptional items

	2016 £'000	2015 £'000
Reversal of/(impairment of) investment in group undertaking	218	(2,916)
Impairment of amounts owed by group undertaking	-	(2,806)
	218	(5,722)

Reversal of/(impairment of) investment in group undertaking – during the year the directors reviewed the carrying value of investments in group undertakings and concluded that a reversal of a provision amounting to £218,000 (2015 provision of £2,916,000), relating to its investment in Manchester United Interactive Limited, should be recognised as the carrying value was considered to be below its recoverable amount (2015 considered to exceed its recoverable amount)

Impairment of amounts owed by group undertakings – during the year the directors reviewed the recoverability of amounts owed by group undertakings and concluded that a provision of £nil (2015 £2,806,000), relating to amounts owed by Manchester United Interactive Limited, should be recognised as the amounts owed were no longer considered to be recoverable

Manchester United Limited

Notes to the financial statements (continued)

7 Employees and directors

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

	2016 Number	2015 Number
By activity		
Commercial	121	122
Administration and other	187	212
Average number of employees	308	334

Particulars of employee benefit expenses are as shown below

	2016 £'000	2015 £'000
Wages and salaries	(37,035)	(36,209)
Social security costs	(3,332)	(3,592)
Other pension costs	(1,157)	(1,311)
	(41,524)	(41,112)

No directors of Manchester United Limited received any emoluments in respect of services for the Company during the year (2015 none)

8 Net finance costs

	2016 £'000	2015 £'000
Bank charges and other fees	(1,340)	(717)
Interest payable on loans owed to group undertakings	(18,445)	(26,555)
Amortisation of issue discount and debt finance costs on loans owed to group undertakings	(544)	(5,978)
Foreign exchange losses on retranslation of unhedged US dollar borrowings	(12,306)	(282)
Fair value movements on derivative financial instruments		
Embedded foreign exchange derivatives	5,288	1,280
Interest rate swaps	(9,599)	36
Total finance costs	(36,946)	(32,216)
Interest receivable on short-term bank deposits	340	304
Total finance income	340	304
Net finance costs	(36,606)	(31,912)

Manchester United Limited

Notes to the financial statements (continued)

9 Tax

	2016 £'000	2015 £'000
Current tax:		
Group relief	(43,617)	(31,534)
Foreign tax	(256)	-
UK tax charge	(3,169)	(685)
Adjustment in respect of previous years	(2,493)	(726)
Total current tax expense	(49,535)	(32,945)
Deferred tax:		
Origination and reversal of timing differences	804	647
Adjustment in respect of previous years	292	285
Impact of change in UK corporation tax rate	(166)	-
Total deferred tax credit (note 16)	930	932
Total tax expense	(48,605)	(32,013)

A reconciliation of the total tax expense is shown below

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	141,141	81,735
Profit on ordinary activities multiplied by the weighted average UK corporation tax rate of 20.00% (2015: 22.5%)	(28,228)	(16,960)
Tax effects of		
Adjustment in respect of previous years	(2,200)	(440)
Expenses not deductible for tax purposes	(381)	(1,437)
Transfer pricing adjustments	(17,540)	(12,344)
Exempted finance income	-	(808)
Impact of change in UK corporation tax rate	(256)	(24)
Total current tax charge	(48,605)	(32,013)

Factors that may affect future tax charges:

Reductions in the main rate of UK corporation tax have been enacted. The rate will reduce from 20% to 19% from 1 April 2017 and by a further 1% to 18% from 1 April 2020. As these changes had been enacted at the balance sheet date they have been recognised in these financial statements.

10 Dividends

Dividends paid in the year ended 30 June 2016 amounted to £20,084,000 (£0.08 per share). Dividends paid in the year ended 30 June 2015 amounted to £nil (£nil per share).

Manchester United Limited **Notes to the financial statements (continued)**

11 Property, plant and equipment

	Property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
At 1 July 2015				
Cost	21,249	7,046	4,288	32,583
Accumulated depreciation	(2,100)	(5,938)	(1,912)	(9,950)
Net book amount	19,149	1,108	2,376	22,633
Year ended 30 June 2016				
Opening net book amount	19,149	1,108	2,376	22,633
Additions	-	187	279	466
Transfers	-	134	-	134
Disposals	(77)	-	-	(77)
Depreciation charge	(173)	(487)	(782)	(1,442)
Closing net book amount	18,899	942	1,873	21,714
At 30 June 2016				
Cost	21,163	6,903	4,547	32,613
Accumulated depreciation	(2,264)	(5,961)	(2,674)	(10,899)
Net book amount	18,899	942	1,873	21,714

Freehold property primarily comprises land at the Old Trafford stadium and miscellaneous buildings

Property, plant and equipment with a net book amount of £21,714,000 (2015 £22,633,000) has been pledged to secure the secured term loan facility and senior secured notes borrowings of the Group (see note 23)

Capital commitments at the balance sheet date are disclosed in note 22

Manchester United Limited

Notes to the financial statements (continued)

12 Investment property

	£'000
At 1 July 2015	
Cost	7,367
Accumulated depreciation and impairment	(768)
Net book amount	6,599
Year ended 30 June 2016	
Opening net book amount	6,599
Depreciation charge	(81)
Closing net book amount	6,518
At 30 June 2016	
Cost	7,367
Accumulated depreciation and impairment	(849)
Net book amount	6,518

Investment property was externally valued as at 30 June 2016 in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation - Professional Standards, January 2014. The valuation supported the carrying amount as of 30 June 2016 and consequently there were no changes to the net book value. The external valuation was carried out on the basis of Market Value, as defined in the RICS Valuation – Professional Standards, January 2014. Fair value of investment property is determined using inputs that are not based on observable market data, consequently the asset is categorized as Level 3. The fair value of investment property as at 30 June 2016 was £6,518,000.

As of 30 June 2016, the Company had no contractual obligations to purchase, construct or develop investment property (2015: £nil). As of 30 June 2016, the Company had no material contractual obligations for repairs, maintenance or enhancements to investment property (2015: not material).

13 Other intangible assets

	£'000
At 1 July 2015	
Cost	951
Accumulated amortisation	(153)
Net book amount	798
Year ended 30 June 2016	
Opening net book amount	798
Additions	161
Depreciation charge	(157)
Closing net book amount	802
At 30 June 2016	
Cost	1,112
Accumulated amortisation	(310)
Net book amount	802

Other intangible assets comprise trademark registration costs. Trademark registration costs are fully amortised on a straight-line basis over the estimated useful lives of the assets, which is typically 10 years.

Manchester United Limited

Notes to the financial statements (continued)

14 Investments

	Shares in group undertakings £'000	Loan owed by group undertakings £'000	Total £'000
At 1 July 2015	21,599	7,924	29,523
Waiver of loan owed by group undertaking	7,924	(7,924)	-
Waiver of amounts owed by group undertaking	1,528	-	1,528
Reversal of impairment (note 6)	218	-	218
At 30 June 2016	31,269	-	31,269

In July 2015 the Company waived its right to receive certain amounts from MUTV Limited. Consequently loans owed amounting to £7,924,000 and amounts owed amounting to £1,528,000 were written off and a corresponding amount of £9,452,000 recognised as a further investment in MUTV Limited.

Shares in group undertakings as at 30 June 2016 relates to the following companies

Subsidiaries	Principal activity	Issued share capital	Description of share classes owned
Alderley Urban Investments Limited*	Property investment	GBP 2	100% Ordinary
Manchester United Commercial Enterprises (Ireland) Limited*	Property investment	EUR 13	100% Ordinary
Manchester United Football Club Limited*	Professional football club	GBP 1,008,546	100% Ordinary
Manchester United Interactive Limited	Media company	GBP 10,000	100% Ordinary
MU Commercial Holdings Limited*	Holding company	GBP 101	100% Ordinary
MU Commercial Holdings Junior Limited	Holding company	GBP 101	100% Ordinary
MU Finance plc*	Debt-holding company	GBP 15,000,000	100% Ordinary
MU RAML Limited	Retail and licensing company	GBP 100	100% Ordinary
MUTV Limited	Subscription TV channel	GBP 2,401	100% Ordinary

* Direct investment of Manchester United Limited, others are held by subsidiary undertakings

All of the above were incorporated and operate in England and Wales, with the exception of Manchester United Commercial Enterprises (Ireland) Limited which is incorporated and operates in Ireland. The directors believe that net book value of investments in shares of group undertakings as at 30 June 2016 is supported by their underlying net assets and future forecasts. The registered office of all the above, with the exception of Manchester United Commercial Enterprises (Ireland) Limited, is Sir Matt Busby Way, Old Trafford, Manchester, M16 0RA, United Kingdom. The registered office of Manchester United Commercial Enterprises (Ireland) Limited is 4th Floor, 8-34 Percy Place, Ballsbridge, Dublin 4, Republic of Ireland.

Manchester United Limited **Notes to the financial statements (continued)**

15 Derivative financial instruments

	2016		2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Derivatives that are designated and effective as hedging instruments carried at fair value				
Interest rate swaps	-	(9,710)	-	(111)
Financial instruments carried at fair value through profit or loss				
Embedded foreign exchange derivatives	5,248	-	27	(67)
	5,248	(9,710)	27	(178)
Less non-current portion				
Derivatives that are designated and effective as hedging instruments carried at fair value				
Interest rate swaps	-	(9,710)	-	(111)
Financial instruments carried at fair value through profit or loss				
Embedded foreign exchange derivatives	5,248	-	-	(67)
Non-current derivative financial instruments	3,052	(9,710)	-	(178)
Current derivative financial instruments	2,196	-	27	-

16 Deferred tax

The deferred tax asset comprises

	2016 £'000	2015 £'000
Depreciation in excess of capital allowances	850	956
Short-term timing differences	15,000	7,509
	15,850	8,465

The movement in the deferred tax asset was as follows

	2016 £	2015 £
At 1 July	8,465	643
Credited to income statement (note 9)	930	932
Credited to other comprehensive income	6,455	6,890
At 30 June	15,850	8,465

Manchester United Limited **Notes to the financial statements (continued)**

17 Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	62,975	25,727
Less provision for impairment of trade receivables	(3,352)	(2,124)
Net trade receivables	59,623	23,603
Amounts owed by group undertakings	950,762	815,436
Other receivables	-	2
Accrued revenue	6,797	28,678
Prepayments	13,255	12,834
Current trade and other receivables	1,030,437	880,553

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

18 Share capital

	2016 £'000	2015 £'000
Allotted and fully paid		
265,192,483 (2015 265,192,483) ordinary shares of £0.10 each	26,519	26,519

19 Trade and other payables

	2016 £'000	2015 £'000
Trade payables	2,820	3,544
Amounts owed to group undertakings	167,288	159,385
Loans owed to group undertakings	487,534	413,697
Accruals	25,101	25,081
Taxation and social security	2,787	2,497
	685,530	604,204
Less non-current portion		
Loans owed to group undertakings	487,534	413,697
Non-current trade and other payables	487,534	413,697
Current trade and other payables	197,996	190,507

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

Loans owed to group undertakings comprise

- An unsecured loan of US dollar 225.0 million (2015 US dollar 225.0 million) owed to MU Finance plc. MU Finance plc can demand repayment in accordance with the terms of the inter-group loan agreement, however, the Company currently expects the loan to be repayable in June 2025. Interest is charged at US dollar LIBOR plus an applicable margin of between 1.75% and 2.25%, and
- An unsecured loan of US dollar 425.0 million (2015 US dollar 425.0 million) owed to MU Finance plc. MU Finance plc can demand repayment in accordance with the terms of the inter-group loan agreement, however, the Company currently expects the loan to be repayable in June 2027. Interest is charged at a fixed coupon of 4.04%.

Manchester United Limited

Notes to the financial statements (continued)

20 Contingencies

At 30 June 2016, the Company had no material contingent liabilities in respect of legal claims arising in the ordinary course of business (2015 none)

21 Operating lease arrangements

21.1 The Company as lessee

The Company leases various premises and plant and equipment under non-cancellable operating lease agreements. The majority of the lease agreements are renewable at the end of the lease period at market rate. The operating lease expenditure charged to the income statement during the year is disclosed in note 5. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 £'000	2015 £'000
No later than 1 year	2,357	1,934
Later than 1 year and no later than 5 years	4,198	1,230
	6,555	3,164

21.2 The Company as lessor

The Company leases out its investment properties. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2016 £'000	2015 £'000
No later than 1 year	739	505
Later than 1 year and no later than 5 years	1,320	1,595
Later than 5 years	-	170
	2,059	2,270

22 Capital commitments

At 30 June 2016, the Company had capital commitments relating to property, plant and equipment amounting to £nil (2015 £nil)

23 Debt of subsidiary undertaking

MU Finance plc, a subsidiary of the Company, has issued senior secured notes that are secured by a first-ranking lien over all shares and substantially all property and assets of the issuer and guarantors, which by definition incorporates Red Football Limited, Red Football Junior Limited, Manchester United Football Club Limited and the Company. The principal amount outstanding at 30 June 2016 was the sterling equivalent of £318.8 million (\$425.0 million).

MU Finance plc also has a secured term loan facility. The loan is secured against substantially all of the assets of each of the guarantors, which by definition incorporates Red Football Limited, Red Football Junior Limited, Manchester United Limited, MU Finance plc and the Company. The principal amount outstanding at 30 June 2016 was the sterling equivalent of £168.8 million (\$225.0 million).

Manchester United Limited

Notes to the financial statements (continued)

24 Financial instruments

An explanation of the Company's financial instrument risk management objectives, policies and strategies are set out in the Directors' report on page 4

24.1 Financial risk factors

Currency risk

The Company has a number of embedded foreign exchange derivatives in host Commercial revenue contracts. These are separately recognised in the financial statements at fair value since they are not closely related to the host contract. Fair value is determined as the change in the fair value of the embedded derivative at the contract inception date and the fair value of the embedded derivative at the balance sheet date, fair value is determined using forward exchange rates with the resulting value discounted to present value. As at 30 June 2016 the fair value of such derivatives was a net asset of £5,248,000 (2015 net liability of £40,000).

Interest rate risk

The Company has no significant interest bearing assets other than cash on deposit which attracts interest at a small margin above UK base rates.

The Company's interest rate risk arises from its loans owed to group undertakings. Loans issued at variable interest rates expose the Company to cash flow interest rate risk. Loans issued at fixed rates expose the Company to fair value interest rate risk. The Company's loans owed to group undertakings are denominated in US dollar. Full details of the Company's loans owed to group undertakings and associated interest rates can be found in note 19.

The Company manages its cash flow interest rate risk where appropriate using interest rate swaps at contract lengths consistent with the repayment schedule of the loans owed to group undertakings. Such interest rate swaps have the economic effect of converting the loans from floating rates to fixed rates. Consequently, the impact on equity and post-tax profit of a 1.0% shift in interest rates would not be material to any periods presented.

The Group has entered into a number of swap agreements. The following table details the interest rate swaps committed to at the balance sheet date.

2016				2015			
Principal value of loan outstanding '000	Rate received	Rate paid	Expiry date	Principal value of loan outstanding '000	Rate received	Rate paid	Expiry date
1 month US\$				1 month US\$			
\$225,000	LIBOR	Fixed 2.032%	30 June 2024	\$225,000	LIBOR	Fixed 2.032%	30 June 2024

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. As at 30 June 2016 the fair value of these interest rate swaps was a liability of £9,710,000 (2015 liability of £111,000).

Credit risk

Credit risk arises from cash and cash equivalents and trade and other receivables (excluding amounts owed by group undertakings and prepayments) – the maximum credit exposure is £140,652,000 (2015 £137,841,000). Management does not expect any material losses from non-performance by these counterparties.

Manchester United Limited

Notes to the financial statements (continued)

24 Financial instruments (continued)

24.2 Hedging activities

The Company uses derivative financial instruments to hedge certain exposures, and has designated certain derivatives as hedges of cash flows (cash flow hedge)

The Company hedges the foreign exchange risk on contracted future US dollar revenues whenever possible using the Company's US dollar net borrowings as the hedging instrument. The foreign exchange gains or losses arising on re-translation of the Company's US dollar net borrowings used in the hedge are initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. Amounts previously recognized in other comprehensive income and accumulated in the hedging reserve are subsequently reclassified into the income statement in the same accounting period, and within the same income statement line (i.e. Commercial revenue), as the underlying future US dollar revenues, which given the varying lengths of the commercial revenue contracts will be between January 2016 to June 2021. The foreign exchange gains or losses arising on re-translation of the Group's unhedged US dollar borrowings are recognized in the income statement immediately. The table below details the net borrowings being hedged at the balance sheet date.

	2016 \$'000	2015 \$'000
USD borrowings	650,000	650,000
USD cash	(2,900)	(50,000)
Net USD debt	647,100	600,000
Hedged future USD revenues	(393,477)	(470,274)
Unhedged USD borrowings	253,623	129,726
Closing USD exchange rate (\$: £)	1.3332	1.5712

Details of movements on the hedging reserve are as follows:

	Future US dollar revenues £'000	Tax £'000	Total, after tax £'000
Balance at 1 July 2014	-	-	-
Foreign exchange loss on hedged US dollar net borrowings	(34,353)	6,926	(27,427)
Reclassified to income statement	177	(36)	141
Movement recognised in other comprehensive income	(34,176)	6,890	(27,286)
Balance at 30 June 2015	(34,176)	6,890	(27,286)
Foreign exchange loss on hedged US dollar net borrowings	(49,447)	7,770	(41,677)
Reclassified to income statement	8,367	(1,315)	7,052
Movement recognised in other comprehensive income	(41,080)	6,455	(34,625)
Balance at 30 June 2016	(75,256)	13,345	(61,911)

Manchester United Limited

Notes to the financial statements (continued)

25 Immediate parent undertaking and ultimate controlling party

The immediate parent undertaking is Red Football Limited

The ultimate parent undertaking and controlling party is Red Football Limited Partnership, a limited partnership formed in the state of Nevada, United States of America whose general partner is Red Football General Partner, Inc , a corporation formed in the state of Nevada, United States of America Red Football Limited Partnership and Red Football General Partner, Inc are controlled by family trusts affiliated with the Glazer family

Manchester United plc, a company incorporated in the Cayman Islands and listed on the New York Stock Exchange, is the parent undertaking of the largest group of undertakings to consolidate these financial statements as at 30 June 2016 The consolidated financial statements of Manchester United plc can be obtained from the website www.manutd.com

Red Football Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements as at 30 June 2016 The consolidated financial statements of Red Football Limited can be obtained from the Company Secretary, Red Football Limited, Old Trafford, Manchester, M16 0RA

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D C 20549

FORM 20-F

(Mark One)

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- For the fiscal year ended 30 June 2016
- OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001 35627

MANCHESTER UNITED plc

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Company's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

Sir Matt Busby Way, Old Trafford,

Manchester, England, M16 0RA

(Address of principal executive offices)

Edward Woodward

Executive Vice Chairman

Sir Matt Busby Way, Old Trafford,

Manchester, England, M16 0RA Telephone No 011 44 (0) 161 868 8000

E-mail jr@manutd.co.uk

(Name, Telephone, E mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act

Title of each class

Name of each exchange on which registered

Class A ordinary shares, par value \$0.0005 per share

New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report

40,025,280 Class A ordinary shares

124,000,000 Class B ordinary shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing

U.S. GAAP ☐

International Financial Reporting Standards as issued by the International Accounting Standards Board ☒

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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GENERAL INFORMATION

In this annual report on Form 20-F (“Annual Report”) references to

- “Manchester United,” “the Company,” “our Company,” “our business,” “we,” “us” and “our” are, as the context requires, to Manchester United plc together with its consolidated subsidiaries as a consolidated entity, for all periods following the reorganization transactions (see below), and
- “we,” “us” and “our” for periods prior to the reorganization transactions are to Red Football Shareholder Limited together with its consolidated subsidiaries as a consolidated entity

Throughout this Form 20-F, we refer to the following football leagues and cups

- the Football Association Premier League (the “Premier League”),
- the Emirates FA Cup (the “FA Cup”),
- the English Football League Cup (the “EFL Cup”),
- the Union of European Football Associations Champions League (the “Champions League”), and
- the Union of European Football Associations Europa League (the “Europa League”)

The term “Matchday” refers to all domestic and European football match day activities from Manchester United games at Old Trafford, the Manchester United football stadium, along with receipts for domestic cup (such as the EFL Cup and the FA Cup) games not played at Old Trafford. Fees for arranging other events at the stadium are also included as Matchday revenue.

REORGANIZATION TRANSACTIONS AND INITIAL PUBLIC OFFERING

Before 9 August 2012, we conducted our business through Red Football Shareholder Limited, a private limited company incorporated in England and Wales, and its subsidiaries. Prior to the reorganization transactions, Red Football Shareholder Limited was a direct, wholly-owned subsidiary of Red Football LLC, a Delaware limited liability company. On 30 April 2012, Red Football LLC formed a wholly-owned subsidiary, Manchester United Ltd, an exempted company with limited liability incorporated under the Companies Law (2011 Revision) of the Cayman Islands, as amended and restated from time to time. On 8 August 2012, Manchester United Ltd changed its legal name to Manchester United plc.

On 9 August 2012, Red Football LLC contributed all of the equity interest of Red Football Shareholder Limited to Manchester United plc. As a result of these transactions, Red Football Shareholder Limited became a direct, wholly-owned subsidiary of Red Football Holdings Limited, which is in turn, a wholly-owned subsidiary of Manchester United plc and our business is now conducted through Manchester United plc and its subsidiaries. We refer to these events throughout this Annual Report collectively as the “reorganization transactions.”

Immediately following the reorganization transactions, Manchester United plc had in issue 124,000,000 Class B ordinary shares and 31,352,366 Class A ordinary shares, totaling 155,352,366 ordinary shares with a total subscribed capital of £75,000. As a result, historic earnings per share calculations reflect the capital structure of the new parent. The reorganization transactions have been treated as a capital reorganization. In accordance with International Financial Reporting Standards (“IFRS”), historic earnings per share calculations and the balance sheet as of 30 June 2012 were restated retrospectively to reflect the capital structure of the new parent rather than that of the former parent, Red Football Shareholder Limited.

On 10 August 2012, the Company issued 8,333,334 Class A ordinary shares and listed such shares on the New York Stock Exchange at a price of \$14.00 per share (the “IPO”)

PRESENTATION OF FINANCIAL AND OTHER DATA

We report under IFRS, as issued by the International Accounting Standards Board (the “IASB”), and International Financial Reporting Interpretations Committee interpretations. None of the financial statements were prepared in accordance with generally accepted accounting principles in the United States. Prior to the reorganization transactions, we conducted our business through Red Football Shareholder Limited and its subsidiaries. Unless otherwise specifically stated, the historical financial information presented in this Annual Report is presented for the following entities:

- with respect to the financial information presented as of and for the year ended 30 June 2012, Red Football Shareholder Limited and its consolidated subsidiaries, and
- with respect to the financial information presented as of and for the years ended 30 June 2016, 2015, 2014 and 2013, Manchester United plc and its consolidated subsidiaries

All references in this Annual Report to (i) “pounds sterling,” “pence,” “p” or “£” are to the currency of the United Kingdom, (ii) “US dollar,” “USD” or “\$” are to the currency of the United States, and (iii) “Euro” or “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the treaty establishing the European Community, as amended.

IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

We qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. These provisions include an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”).

We may take advantage of these provisions until we are no longer an emerging growth company. We will cease to be an emerging growth company as of 30 June 2018 or such earlier time if we have more than \$1.0 billion in annual revenue, have more than \$700 million in market value of our ordinary shares held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced burdens. We have not taken advantage of any of these reduced reporting burdens in this filing other than the exemption from the auditor attestation requirement pursuant to the Sarbanes-Oxley Act, although we may choose to do so in future filings.

The JOBS Act permits an “emerging growth company” to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We previously chose to “opt out” of this provision and, as a result, we are complying, and will continue to comply, with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period is irrevocable.

FORWARD-LOOKING STATEMENTS

This Annual Report contains estimates and forward-looking statements. Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to numerous risks and uncertainties and are made in light of information currently available to us. Many

important factors, in addition to the factors described in this Annual Report, may adversely affect our results as indicated in forward-looking statements. You should read this Annual Report completely and with the understanding that our actual future results may be materially different and worse from what we expect.

All statements other than statements of historical fact are forward-looking statements. The words “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” and similar words are intended to identify estimates and forward-looking statements.

Our estimates and forward-looking statements may be influenced by various factors, including without limitation:

- our dependence on the performance and popularity of our first team,
- maintaining, enhancing and protecting our brand and reputation, particularly in new markets, in order to expand our follower and sponsorship base,
- our reliance on European competitions as a source of future income,
- the negotiation and pricing of key media contracts outside our control,
- actions taken by other Premier League clubs that are contrary to our interests,
- the potential impact of the United Kingdom’s decision to exit from the European Union on the movement of players or other regulations,
- our ability to attract and retain key personnel, including players, in an increasingly competitive market with increasing salaries and transfer fees,
- our ability to execute a digital media strategy that generates the revenue we anticipate,
- our ability to meet growth expectations and properly manage such anticipated growth,
- our ability to maintain, train and build an effective international sales and marketing infrastructure, and manage the risks associated with such an expansion,
- our ability to renew or replace key commercial agreements on similar or better terms, or attract new sponsors,
- our exposure to credit related losses in connection with key media, commercial and transfer contracts,
- our relationship with the various leagues to which we belong and the application of their respective rules and regulations,
- our relationship with merchandising, licensing, sponsor and other commercial partners,
- maintaining our match attendance at Old Trafford,
- our exposure to increased competition, both in football and the various commercial markets in which we do business,
- any natural disasters, terrorist incidents or other events beyond our control that adversely affect our operations,
- the effect of adverse economic conditions on our operations,
- uncertainty with regard to exchange rates, our tax rate and our cash flow,
- our ability to adequately protect against media piracy and identity theft of our follower account information,

- our exposure to the effects of seasonality in our business,
- the effect of our indebtedness on our financial health and competitive position,
- our ability to compete in our industry and with innovation by our competitors,
- estimates and estimate methodologies used in preparing our consolidated financial statements, and
- the future trading prices of our Class A ordinary shares and the impact of securities analysts' reports on these prices

Other sections of this Annual Report include additional factors that could adversely impact our business and financial performance, principally "Item 3 Key Information—D Risk Factors." Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Therefore, you are cautioned not to place undue reliance on these forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

MARKET AND INDUSTRY DATA

This Annual Report contains industry, market, and competitive position data that are based on the industry publications and studies conducted by third parties listed below as well as our own internal estimates and research. These industry publications and third-party studies generally state that the information that they contain has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these publications and third-party studies is reliable, we have not independently verified the market and industry data obtained from these third-party sources. While we believe our internal research is reliable and the definition of our market and industry are appropriate, neither such research nor these definitions have been verified by any independent source.

References to our "659 million followers" are based on a survey conducted by Kantar Media (a division of WPP plc) in 2011 and paid for by us. As in the survey conducted by Kantar Media, we define the term "followers" as those individuals who answered survey questions, unprompted, with the answer that Manchester United was either their favorite football team in the world or a football team that they enjoyed following in addition to their favorite football team. For example, we and Kantar Media included in the definition of "follower" a respondent who either watched live Manchester United matches, followed highlights coverage or read or talked about Manchester United regularly. Although the survey solicited unprompted responses, we do not distinguish between those respondents who answered that Manchester United was their favorite football team in the world and those who enjoy following Manchester United in addition to their favorite football team. Since we believe that each of our followers engage with our brand in some capacity, including through watching matches on television, attending matches live, buying retail merchandise or monitoring the team's highlights on the internet, we believe identifying our followers in this manner provides us with the best data to use for purposes of developing our business strategy and measuring the penetration of our brand. However, we expect there to be differences in the level of engagement with our brand between individuals, including among those who consider Manchester United to be their favorite team, as well as between those who enjoy following Manchester United. We have not identified any practical way to measure these differences in consumer behavior and any references to our followers in this Annual Report should be viewed in that light.

This internet-based survey identified Manchester United as a supported team of 659 million followers (and the favorite football team of 277 million of those followers) and was based on 53,287

respondents from 39 countries around the world. In order to calculate our 659 million followers from the 53,287 responses, Kantar Media applied estimates and assumptions to certain factors including population size, country specific characteristics such as wealth and GDP per capita, affinity for sports and media penetration. Kantar Media then extrapolated the results to the rest of the world, representing an extrapolated adult population of 5 billion people. However, while Kantar Media believes the extrapolation methodology was robust and consistent with consumer research practices, as with all surveys, there are inherent limitations in extrapolating survey results to a larger population than those actually surveyed. As a result of these limitations, our number of followers may be significantly less or significantly more than the extrapolated survey results. Kantar Media also extrapolated survey results to account for non-internet users in certain of the 39 countries, particularly those with low internet penetration. To do so, Kantar Media had to make assumptions about the preferences and behaviors of non-internet users in those countries. These assumptions reduced the number of our followers in those countries and there is no guarantee that the assumptions we applied are accurate. Survey results also account only for claimed consumer behavior rather than actual consumer behavior and as a result, survey results may not reflect real consumer behavior with respect to football or the consumption of our content and products.

In addition to the survey conducted by Kantar Media, this Annual Report references the following industry publications and third-party studies:

- television viewership data compiled by futures sports + entertainment—Mediabrand International Limited for the 2015/16 season (the “Futures Data”), and
- a paper published by AT Kearney, Inc. in 2014 entitled “Winning in the Business of Sports” (“AT Kearney”).

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB. The selected consolidated financial data (including income statement, other and balance sheet data) presented as of and for the years ended 30 June 2016, 2015, 2014, 2013 and 2012 has been derived from our audited consolidated financial statements and the notes thereto (our audited consolidated financial statements as of 30 June 2014, 2013 and 2012 and for the years ended 30 June 2013 and 2012 are not included in this Annual Report). Our historical results for any prior period are not necessarily indicative of results expected in any future period.

Before 9 August 2012, we conducted our business through Red Football Shareholder Limited and its subsidiaries, and therefore our historical financial statements as of and for the year ended 30 June 2012 present the results of operations and financial position of Red Football Shareholder Limited unless otherwise specifically noted. Following the reorganization transactions, we have conducted our business through Manchester United plc and its consolidated subsidiaries, and therefore our historical financial statements as of and for the years ended 30 June 2016, 2015, 2014 and 2013 present the results of operations and financial position of Manchester United plc and its consolidated subsidiaries. Manchester United plc's historical financial statements prior to the reorganization transactions are the same as Red Football Shareholder Limited's financial statements prior to the reorganization transactions, as adjusted for the reorganization transactions. The reorganization transactions have been reflected retroactively in Manchester United plc's earnings/(loss) per share calculations.

The selected historical financial information presented in the tables below should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and accompanying notes. The audited consolidated financial statements and the accompanying notes as of 30 June 2016 and 2015 and for the years ended 30 June 2016, 2015 and 2014 have been included in this Annual Report.

Unless otherwise specified, all financial information included in this Annual Report has been stated in pounds sterling

	Year ended 30 June				
	2016	2015	2014	2013	2012
	(£'000, unless otherwise indicated)				
Income Statement Data:					
Revenue	515,345	395,178	433,164	363,189	320,320
<i>Analyzed as</i>					
Commercial revenue	268,318	196,931	189,315	152,441	117,611
Broadcasting revenue	140,440	107,664	135,746	101,625	103,991
Matchday revenue	106,587	90,583	108,103	109,123	98,718
Operating expenses—before exceptional items	(421,574)	(384,843)	(367,056)	(304,120)	(274,411)
<i>Analyzed as</i>					
Employee benefit expenses	(232,242)	(202,561)	(214,803)	(180,523)	(161,688)
Other operating expenses	(91,244)	(72,271)	(88,298)	(74,114)	(66,983)
Depreciation	(10,079)	(10,324)	(8,665)	(7,769)	(7,478)
Amortization	(88,009)	(99,687)	(55,290)	(41,714)	(38,262)
Operating expenses—exceptional items	(15,135)	(2,336)	(5,184)	(6,217)	(10,728)
Total operating expenses	(436,709)	(387,179)	(372,240)	(310,337)	(285,139)
Operating profit before (loss)/profit on disposal of intangible assets	78,636	7,999	60,924	52,852	35,181
(Loss)/profit on disposal of intangible assets	(9,786)	23,649	6,991	9,162	9,691
Operating profit	68,850	31,648	67,915	62,014	44,872
Finance costs	(20,459)	(35,419)	(27,668)	(72,082)	(50,315)
Finance income	442	204	256	1,275	779
Net finance costs	(20,017)	(35,215)	(27,412)	(70,807)	(49,536)
Profit/(loss) on ordinary activities before tax	48,833	(3,567)	40,503	(8,793)	(4,664)
Tax (expense)/credit	(12,462)	2,672	(16,668)	155,212	27,977
Profit/(loss) for the year	36,371	(895)	23,835	146,419	23,313
<i>Attributable to</i>					
Owners of the parent	36,371	(895)	23,835	146,250	22,986
Non-controlling interest	—	—	—	169	327
Weighted average number of ordinary shares (thousands)	163,890	163,795	163,814	162,895	155,352(1)
Diluted weighted average number of ordinary shares (thousands)	164,319	164,132	163,893	162,895	155,352(1)
Basic earnings/(loss) per share (pence)	22 19	(0 55)	14 55	89 78	14 80(1)
Diluted earnings/(loss) per share (pence)(2)	22 13	(0 55)	14 54	89 78	14 80(1)

(1) As adjusted to retroactively reflect the reorganization transactions described on page 11 of this Annual Report

(2) For the year ended 30 June 2015, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share, and hence have been excluded. For the years ended 30 June 2016, 2014, 2013, and 2012, potential ordinary shares have

been treated as dilutive, as their inclusion in the diluted earnings per share calculation decreases earnings per share

Other Data:

Commercial revenue	268,318	196,931	189,315	152,441	117,611
<i>Analyzed as</i>					
Sponsorship revenue	160,110	154,840	135,835	90,865	63,121
Retail, merchandising, apparel & products licensing revenue	97,338	31,652	37,512	38,609	33,787
Mobile & Content revenue	10,870	10,439	15,968	22,967	20,703
Dividends declared per share (\$)	0.18	—	—	—	—
Dividends declared per share (£)	0.12	—	—	—	—

	As of 30 June				
	2016	2015	2014	2013	2012
	(£'000, unless otherwise indicated)				
Balance Sheet Data:					
Cash and cash equivalents	229,194	155,752	66,365	94,433	70,603
Total assets	1,451,903	1,301,588	1,215,711	1,118,311	947,148
Total liabilities	993,621	823,670	717,061	670,351	712,051
Total equity	458,282	477,918	498,650	447,960	235,097
Equity attributable to owners of the parent	458,282	477,918	498,650	447,960	237,100

	Season				
	2015/16	2014/15	2013/14	2012/13	2011/12
Games Played:					
Premier League	38	38	38	38	38
European Games	12	—	10	8	10
Domestic Cups	9	6	6	8	5

Exchange Rate Information

Our functional and reporting currency is pounds sterling and substantially all of our costs are denominated in pounds sterling. However, any Broadcasting revenue from our participation in European competitions, as well as certain other revenue, is generated in Euros. We also occasionally enter into transfer agreements which are payable in Euros. In addition, we have currency exposure against the US dollar relating to our US dollar denominated secured term loan facility and our 3.79% senior secured notes due 2027 (the "2027 Notes") and our Commercial revenue from certain sponsors. For all dates and periods, the exchange rate refers to the exchange rate as set forth in the H 10 statistical release of the Federal Reserve Board. The rates represent the noon buying rate in New York for cable transfers payable in foreign currencies. These rates may differ from the actual rates used in the preparation of the financial statements and other financial information appearing in this Annual Report. Inclusion of these exchange rates is not meant to suggest that the US dollar amounts actually represent such pounds sterling amounts or that such amounts could have been or could be converted into US dollars at any particular rate, or at all. On 7 September 2016, the exchange rate was \$1.33 to £1.00.

The following table sets forth information concerning exchange rates between the pounds sterling and the US dollar for the periods indicated. These rates are provided solely for convenience.

Period	Noon Buying Rate			
	Period End	Average(1) (\$ per £1.00)	Low	High
Fiscal Year 2012	1.57	1.59	1.53	1.66
Fiscal Year 2013	1.52	1.57	1.49	1.63
Fiscal Year 2014	1.70	1.63	1.48	1.71
Fiscal Year 2015	1.57	1.57	1.46	1.72
Fiscal Year 2016	1.32	1.47	1.32	1.57
March 2016	1.44	1.42	1.39	1.45
April 2016	1.46	1.43	1.41	1.46
May 2016	1.45	1.45	1.44	1.47
June 2016	1.32	1.42	1.32	1.48
July 2016	1.33	1.31	1.29	1.33
August 2016	1.31	1.31	1.29	1.33
September 2016 (through 8 September 2016)	1.33	1.33	1.32	1.33

Source: Federal Reserve Bank of New York and Federal Reserve Statistical Release

- (1) Fiscal year averages were calculated by using the average of the exchange rates on the last day of each month during the relevant period. Monthly averages are calculated by using the average of the daily rates during the relevant month.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable

D. RISK FACTORS

Investment in our Class A ordinary shares involves a high degree of risk. We expect to be exposed to some or all of the risks described below in our future operations. Any of the risk factors described below, as well as additional risks of which we are not currently aware, could affect our business operations and have a material adverse effect on our business, results of operations, financial condition, cash flow and prospects and cause the value of our shares to decline. Moreover, if and to the extent that any of the risks described below materialize, they may occur in combination with other risks which would compound the adverse effect of such risks on our business, results of operations, financial condition, cash flow and prospects.

Risks Related to Our Business

If we are unable to maintain and enhance our brand and reputation, particularly in new markets, or if events occur that damage our brand and reputation, our ability to expand our follower base, sponsors, and commercial partners or to sell significant quantities of our products may be impaired.

The success of our business depends on the value and strength of our brand and reputation. Our brand and reputation are also integral to the implementation of our strategies for expanding our follower base, sponsors and commercial partners. To be successful in the future, particularly outside of Europe, we believe we must preserve, grow and leverage the value of our brand across all of our revenue streams. For instance, we have in the past experienced, and we expect that in the future we

will continue to receive, a high degree of media coverage. Unfavorable publicity regarding our first team's performance in league and cup competitions or their behavior off the field, our ability to attract and retain certain players and coaching staff or actions by or changes in our ownership could negatively affect our brand and reputation. Failure to respond effectively to negative publicity could also further erode our brand and reputation. In addition, events in the football industry, even if unrelated to us, may negatively affect our brand or reputation. As a result, the size, engagement and loyalty of our follower base and the demand for our products may decline. Damage to our brand or reputation or loss of our followers' commitment for any of these reasons could impair our ability to expand our follower base, sponsors and commercial partners or our ability to sell significant quantities of our products, which would result in decreased revenue across our revenue streams and have a material adverse effect on our business, results of operations, financial condition and cash flow, as well as require additional resources to rebuild our brand and reputation.

In addition, maintaining and enhancing our brand and reputation may require us to make substantial investments. We cannot assure you that such investments will be successful. Failure to successfully maintain and enhance the Manchester United brand or our reputation or excessive or unsuccessful expenses in connection with this effort could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Our business is dependent upon our ability to attract and retain key personnel, including players

We are highly dependent on members of our management, coaching staff and our players. Competition for talented players and staff is, and will continue to be, intense. Our ability to attract and retain the highest quality players for our first team, reserve team and youth academy as well as coaching staff is critical to our first team's success in league and cup competitions and increasing popularity and, consequently, critical to our business, results of operations, financial condition and cash flow. Our success and many achievements over the last twenty years does not necessarily mean that we will continue to be successful in the future, whether as a result of changes in player personnel, coaching staff or otherwise. A downturn in the performance of our first team could adversely affect our ability to attract and retain coaches and players. Further, there could be potential changes to European regulations relating to the movement of players between the UK and the European Union as a result of the recent national referendum in the United Kingdom where a majority of voters elected to withdraw from the European Union. In addition, our popularity in certain countries or regions may depend, at least in part, on fielding certain players from those countries or regions. While we enter into employment contracts with each of our key personnel with the aim of securing their services for the term of the contract, the retention of their services for the full term of the contract cannot be guaranteed due to possible contract disputes or approaches by other clubs. Our failure to attract and retain key personnel could have a negative impact on our ability to effectively manage and grow our business.

We are dependent upon the performance and popularity of our first team

Our revenue streams are driven by the performance and popularity of our first team. Significant sources of our revenue are the result of historically strong performances in English domestic and European competitions, specifically the Premier League, the FA Cup, the EFL Cup, the Champions League and the Europa League. Our income varies significantly depending on our first team's participation and performance in these competitions. Our first team's performance affects all five of our revenue streams:

- sponsorship revenue through sponsorship relationships,
- retail, merchandising, apparel & product licensing revenue through product sales,

- mobile & content revenue through distribution via our own media platforms and partner media platforms,
- broadcasting revenue through the frequency of appearances and performance based share of league broadcasting revenue and Champions League/Europe League prize money, and
- Matchday revenue through ticket sales

Our first team currently plays in the Premier League, the top football league in England. Our performance in the Premier League directly affects, and a weak performance in the Premier League could adversely affect, our business, results of operations, financial condition and cash flow. For example, our revenue from the sale of products, media rights, tickets and hospitality would fall considerably if our first team were relegated from (or otherwise ceased to play in) the Premier League, the Champions League or the Europa League.

We cannot ensure that our first team will be successful in the Premier League or in the other leagues and tournaments in which it plays. Relegation from the Premier League or a general decline in the success of our first team, particularly in consecutive seasons, would negatively affect our ability to attract or retain talented players and coaching staff, as well as supporters, sponsors and other commercial partners, which would have a material adverse effect on our business, results of operations, financial condition and cash flow.

It may not be possible to renew or replace key commercial agreements on similar or better terms, or attract new sponsors

Our Commercial revenue for each of the years ended 30 June 2016, 2015 and 2014 represented 52.1%, 49.8% and 43.7% of our total revenue, respectively. The substantial majority of our Commercial revenue is generated from commercial agreements with our sponsors, and these agreements have finite terms. When these contracts do expire, we may not be able to renew or replace them with contracts on similar or better terms or at all. Our most important commercial contracts include contracts with global, regional, mobile, media and supplier sponsors representing industries including financial services, automotive, beverage, airline, timepiece, betting and telecommunications, which typically have contract terms of two to five years.

If we fail to renew or replace these key commercial agreements on similar or better terms, we could experience a material reduction in our Commercial revenue. Such a reduction could have a material adverse effect on our overall revenue and our ability to continue to compete with the top football clubs in England and Europe.

As part of our business plan, we intend to continue to grow our commercial portfolio by developing and expanding our geographic and product categorized approach, which will include partnering with additional sponsors and mobile and media operators. We may not be able to successfully execute our business plan in promoting our brand to attract new sponsors. We cannot assure you that we will be successful in implementing our business plan or that our Commercial revenue will continue to grow at the same rate as it has in the past or at all. Any of these events could negatively affect our ability to achieve our development and commercialization goals, which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Negotiation and pricing of key media contracts are outside our control and those contracts may change in the future

For each of the years ended 30 June 2016, 2015 and 2014, 22.3%, 1.9% and 29.0% of our Broadcasting revenue, respectively, was generated from the media rights for UEFA matches, and 68.2%, 89.7% and 65.5% of our Broadcasting revenue, respectively, was generated from the media rights for Premier League matches. Contracts for these media rights and certain other revenue for

those competitions (both domestically and internationally) are negotiated collectively by the Premier League and the Union of European Football Associations ("UEFA") respectively. We are not a party to the contracts negotiated by the Premier League and UEFA. Further, we do not participate in and therefore do not have any direct influence on the outcome of contract negotiations. As a result, we may be subject to media rights contracts with media distributors with whom we may not otherwise contract or media rights contracts that are not as favorable to us as we might otherwise be able to negotiate individually with media distributors. Furthermore, the limited number of media distributors bidding for Premier League and Champions League media rights may result in reduced prices paid for those rights and, as a result, a decline in revenue received from our media contracts.

In addition, although an agreement has been reached for the sale of Premier League domestic broadcasting rights through the end of the 2018/19 football season and for the sale of Champions League broadcasting rights through the end of the 2017/18 football season, future agreements, may not maintain our current level of Broadcasting revenue. Moreover, if international broadcasting revenue becomes an increasingly large portion of total revenue for the Premier League, a single club's domestic success and resulting revenue may be outweighed by international media rights, which are distributed among all Premier League clubs in even proportion. As a result, aside from facilitating access to the Champions League, success of our first team in the Premier League could become less of an overall competitive advantage.

Future intervention by the European Commission, the European Court of Justice (the "ECJ"), UK authorities, or other competent authorities and courts having jurisdiction may also have a negative effect on our revenue from media rights in the European Economic Area ("EEA"). It is likely that there will be future regulatory intervention by the European Commission relating to the grant of exclusive licenses of content on a territorial basis within the EEA insofar as they prohibit or limit the cross-border provision by satellite or internet transmission of retail pay-TV services (so-called "passive sales"). Following the cases of the Premier League & others vs. QC Leisure & Others / Karen Murphy vs. Media Protection Services (under which the ECJ ruled that any agreement designed to guarantee absolute territorial exclusivity within the European Union (i.e. by stopping any cross-border provision of broadcasting services in response to unsolicited requests from consumers) was deemed to be anti-competitive and prohibited by EU law including, in particular, competition rules), the EU began an investigation in January 2014 into exclusive licensing arrangements as between the US Studios and various platforms in Europe (the major platform in each of the five largest EU Member States). On 23 July 2015, the EU followed up with a Statement of Objections in Case 40023 "Cross-border access to pay-TV" which set out its preliminary view that in relation to these studios and Sky UK, where there are provisions which require Sky UK to block or limit access to films through geo-blocking its online services or through its satellite pay-TV services to consumers outside of the UK and Ireland (and thus prevent Sky UK from responding to passive sales requests), these provisions would eliminate cross-border competition and constitute a violation of EU rules. While the Statement of Objections is aimed at the US Studios and Sky UK, the European Commission is carrying out parallel investigations into cross-border access to pay-TV services in France, Italy, Germany and Spain. Equally, while the investigations have been targeted at film content, the decision is very likely to be applicable to any pay-TV content, including sport. More recently, on 22 April 2016, the Commission announced that Paramount, while not agreeing with the concerns expressed in the Statement of Objections, had offered to settle the case by offering a series of commitments, including an undertaking not to enter into pay-TV agreements that prohibit their licensees from responding to passive sales requests. The commitments cover both linear pay-TV services and, to the extent included in the license (or separate license(s)) with a broadcaster, subscription video-on-demand services. Interested parties were given until 21 May 2016 to comment on the proposed settlement. In addition to this regulatory action, the EU as part of its Digital Single Market ("DSM") strategy, an element of which is to ensure that users who buy access to audio-visual content online, has proposed a regulation designed to enable consumers to access their content services while travelling across Europe (so-called "portability"). The Portability

Regulation will likely be adopted by the end of 2016 or early 2017 and enter into force 12 months later. As part of the DSM initiative, the EC is also looking to modernize EU copyright rules to allow for wider access to online content across the EU, including by extending rights clearance mechanisms in the Satellite and Cable Directive. In particular it is expected that the Commission will propose that the country of origin principle be extended to online broadcast services. In practice this would mean that licenses for simulcast and catch-up rights, for example, for the UK would be construed as covering the entire EEA. This draft legislation is expected for 21 September 2016. A change of sales model could negatively affect the amount which copyright holders, such as the Premier League, are able to derive from the exploitation of rights within the EU. As a result, our Broadcasting revenue from the sale of those rights could decrease.

In November 2014, following a complaint by Virgin Media, Ofcom (the communications regulator in the UK) opened an investigation under section 25 of the Competition Act 1998 into the joint selling arrangements by the Premier League for live, UK audio-visual media rights for Premier League football matches. In August 2016, Ofcom decided to close the investigation, with immediate effect, on the basis that it no longer met their administrative priorities.

European competitions cannot be relied upon as a source of income.

Qualification for the Champions League is dependent upon our first team's performance in the Premier League and, in some circumstances, the Champions League itself in the previous season. Qualification for the Champions League cannot, therefore, be guaranteed. Failure to qualify for the Champions League would result in a material reduction in revenue for each season in which our first team did not participate. To help mitigate this impact the majority of playing contracts for our first team squad include step-ups in remuneration which are contingent on participation in the group stage of the Champions League. As a result of our first team performance during the 2013/14 season, our first team did not participate in the 2014/15 Champions League or 2014/15 UEFA Europa League. Inclusive of broadcasting revenue, prize money and Matchday revenue, our combined broadcasting and Matchday revenue from participation in European competitions was £41.6 million, £1.9 million (being distributions from UEFA relating to the previous season's competition) and £49.4 million for each of the years ended 30 June 2016, 2015 and 2014, respectively. As a result of our first team performance during the 2015/16 season, our first team will not participate in the 2016/17 Champions League but will participate in the 2016/17 UEFA Europa League.

In addition, our participation in the Champions League or Europa League may be influenced by factors beyond our control. For example, the number of places in each league available to the clubs of each national football association in Europe can vary from year to year based on a ranking system. If the performance of English clubs in Europe declines, the number of places in each European competition available to English clubs may decline and it may be more difficult for our first team to qualify for European competition in future seasons. Further, the rules governing qualification for European competitions (whether at the European or national level) may change and make it more difficult for our first team to qualify for European competition in future seasons.

We are a founder member and our Executive Vice Chairman has a seat on the executive board of the European Club Association ("ECA"), an independent organization set up to work with football governing bodies to protect and promote the interests of football clubs at European level.

On August 26, 2016, following consultation between UEFA, the ECA and other stakeholders, UEFA announced certain changes to the format of the UEFA Champions League and UEFA Europa League to take place with effect from the 3 year cycle 2018/19 to 2020/21. The key changes relate to the access list for both competitions and the methodology for financial distributions. With respect to the Champions League, the top four clubs from the four top-ranked national associations (of which England is currently one) will now qualify automatically for the group stage of the Champions League.

which compares (for England) to only three qualifying automatically at the moment with a fourth entering the final play-off round. With respect to the financial distribution methodology, in addition to the current three-pillar system (starting fee, performance fees and market pool), UEFA is introducing a fourth pillar being the individual club coefficient. The individual club coefficient will be determined by reference to past performance in UEFA competitions over a ten year period but also acknowledging historical success as winners of UEFA competitions.

In addition, a new subsidiary company will be created by UEFA with the aim of determining the strategy for the management of UEFA club competitions in the future. Half of the board of directors will be appointed by UEFA and the other half by the ECA.

Moreover, because of the prestige associated with participating in the European competitions, particularly the Champions League, failure to qualify for any European competition, particularly for consecutive seasons, would negatively affect our ability to attract and retain talented players and coaching staff, as well as supporters, sponsors and other commercial partners. Failure to participate in the Champions League for two or more consecutive seasons would also reduce annual payments under the agreement with adidas by 30% of the applicable payment for the year in which the second or other consecutive season of non-participation falls. Any one or more of these events could have a material adverse effect on our business, results of operation, financial condition and cash flow.

Our business depends in part on relationships with certain third parties.

We consider the development of our commercial assets to be central to our ongoing business plan and a driver of future growth. For example, our current contract with adidas that began with the 2015/16 season provides them with certain global technical sponsorship and dual-branded licensing rights. While we expect to be able to continue to execute our business plan in the future with the support of adidas, we remain subject to these contractual provisions and our business plan could be negatively impacted by non-compliance or poor execution of our strategy by adidas. Further, any interruption in our ability to obtain the services of adidas or other third parties or deterioration in their performance could negatively impact this portion of our operations. Furthermore, if our arrangement with adidas is terminated or modified against our interest, we may not be able to find alternative solutions for this portion of our business on a timely basis or on terms favorable to us or at all.

In the future, we may enter into additional arrangements permitting third parties to use our brand and trademarks. Although we take steps to carefully select our partners, such arrangements may not be successful. Our partners may fail to fulfil their obligations under their agreements or have interests that differ from or conflict with our own. For example, we are dependent on our sponsors and commercial partners to effectively implement quality controls over products using our brand and/or trademarks. The inability of such sponsors and commercial partners to meet our quality standards could negatively affect consumer confidence in the quality and value of our brand, which could result in lower product sales. Any one or more of these events could have a material adverse effect on our business, results of operation, financial condition and cash flow.

We are exposed to credit related losses in the event of non-performance by counterparties to Premier League and UEFA media contracts as well as our key commercial and transfer contracts

We derive the substantial majority of our Broadcasting revenue from media contracts negotiated by the Premier League and UEFA with media distributors, and although the Premier League obtains guarantees to support certain of its media contracts, typically in the form of letters of credit issued by commercial banks, it remains our single largest credit exposure. We derive our Commercial and sponsorship revenue from certain corporate sponsors, including global, regional, mobile, media and supplier sponsors (which includes new businesses operating in emerging markets) in respect of which we may manage our credit risk by seeking advance payments, installments and/or bank guarantees.

where appropriate. The substantial majority of this revenue is derived from a limited number of sources. During the year ended 30 June 2016, those sources that represented greater than 10% of our total revenue were:

- Premier League 19.4% of our total revenue
- adidas 14.1% of our total revenue
- General Motors (Chevrolet) 11.4% of our total revenue

We are also exposed to other football clubs globally for the payment of transfer fees on players. Depending on the transaction, some of these fees are paid to us in installments. We try to manage our credit risk with respect to those clubs by requiring payments in advance or, in the case of payments on installment, requiring bank guarantees on such payments in certain circumstances. However, we cannot ensure these efforts will eliminate our credit exposure to other clubs. A change in credit quality at one of the media broadcasters for the Premier League or UEFA, one of our sponsors or a club to whom we have sold a player can increase the risk that such counterparty is unable or unwilling to pay amounts owed to us. The failure of a major television broadcaster for the Premier League or Champions League to pay outstanding amounts owed to its respective league or the failure of one of our key sponsors or a club to pay outstanding amounts owed to us could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Matchday revenue from our supporters is a significant portion of overall revenue.

A significant amount of our revenue derives from ticket sales and other Matchday revenue for our first team matches at Old Trafford and our share of gate receipts from domestic cup matches. In particular, the revenue generated from ticket sales and other Matchday revenue at Old Trafford will be highly dependent on the continued attendance at matches of our individual and corporate supporters as well as the number of home matches we play each season. During each of the 2015/16, 2014/15 and 2013/14 seasons, we played 29, 21 and 28 home matches, respectively, and our Matchday revenue was £106.6 million, £90.6 million and £108.1 million for the years ended 30 June 2016, 2015 and 2014, respectively. Match attendance is influenced by a number of factors, some of which are partly or wholly outside of our control. These factors include the success of our first team, broadcasting coverage and general economic conditions in the United Kingdom, which affect personal disposable income and corporate marketing and hospitality budgets. A reduction in Matchday attendance could have a material adverse effect on our Matchday revenue and our overall business, results of operations, financial condition and cash flow.

The markets in which we operate are highly competitive, both within Europe and internationally, and increased competition could cause our profitability to decline.

We face competition from other football clubs in England and Europe. In the Premier League, recent investment from wealthy team owners has led to teams with deep financial backing that are able to acquire top players and coaching staff, which could result in improved performance from those teams in domestic and European competitions. As the Premier League continues to grow in popularity, the interest of wealthy potential owners may increase, leading to additional clubs substantially improving their financial position. Competition from European clubs also remains strong. Despite the adoption of the UEFA financial fair play initiative, a set of financial monitoring rules on clubs participating in the Champions League and Europa League, and the Premier League's profitability and sustainability regulations, a similar set of rules monitoring Premier League clubs, European and Premier League football clubs are spending substantial sums on transfer fees and player salaries. Competition from inside and outside the Premier League has led to higher salaries for our players as well as increased competition on the field. The increase in competition could result in our first team finishing lower in the Premier League than we have in the past and jeopardizing our qualification for

or results in European competitions. Competition within England could also cause our first team to fail to advance in the FA Cup and EFL Cup.

In addition, from a commercial perspective, we actively compete across many different industries and within many different markets. We believe our primary sources of competition, both in Europe and internationally, include, but are not limited to:

- other businesses seeking corporate sponsorships and commercial partners such as sports teams, other entertainment events and television and digital media outlets,
- providers of sports apparel and equipment seeking retail, merchandising, apparel & product licensing opportunities,
- digital content providers seeking consumer attention and leisure time, advertiser income and consumer e-commerce activity,
- other types of television programming seeking access to broadcasters and advertiser income, and
- alternative forms of corporate hospitality and live entertainment for the sale of matchday tickets such as other live sports events, concerts, festivals, theater and similar events.

All of the above forms of competition could have a material adverse effect on any of our five revenue streams and our overall business, results of operations, financial condition and cash flow.

We are subject to special rules and regulations regarding insolvency and bankruptcy.

We are subject to, among other things, special insolvency or bankruptcy-related rules of the Premier League and the Football Association (the “FA”). Those rules empower the Premier League board to direct certain payments otherwise due to us to the FA and its members, associate members and affiliates, certain other English football leagues and certain other entities if it is reasonably satisfied that we have failed to pay certain creditors including other football clubs, the Premier League and the Football League.

If we experience financial difficulty, we could also face sanctions under the Premier League rules, including suspension from the Premier League, European competitions, the FA Cup and certain other competitions, the deduction of league points from us in the Premier League or Football League and loss of control of player registrations. For example, the Premier League could prevent us from playing, thereby cutting off our income from ticket sales and putting many of our other sources of revenue at risk. Any of these events could have a material adverse effect on our business, results of operation, financial condition, or cash flow, as well as our ability to meet our financial obligations.

Premier League voting rules may allow other clubs to take action contrary to our interests

The Premier League is governed by its 20 club shareholders with most rule changes requiring the support of a minimum of 14 of the clubs. This allows a minority of clubs to block changes they view as unfavorable to their interests. In addition, it allows a concerted majority of the clubs to pass rules that may be disadvantageous to the remaining six clubs. As one of the larger clubs in the Premier League in terms of revenue and follower base, we can exert some influence on the rulemaking process, however, our interests may not always align with the majority of clubs and it may be difficult for us to effect changes that are advantageous to us. At the same time, it is possible that other clubs may take action that we view as contrary to our interests. If the Premier League clubs pass rules that limit our ability to operate our business as we have planned or otherwise affect the payments made to us, we may be unable to achieve our goals and strategies or increase our revenue.

Our digital media strategy is unproven and may not generate the revenue we anticipate.

We maintain contact with, and provide entertainment to, our global follower base through a number of digital and other media channels, including the internet, mobile services and social media. While we have attracted a significant number of followers to our digital media assets, including our website, the future revenue and income potential of our mobile & content business is uncertain. You should consider our business and prospects in light of the challenges, risks and difficulties we may encounter in this new and rapidly evolving market, including

- our digital media strategy requiring us to provide offerings such as video on demand, highlights and international memberships that have not previously been a substantial part of our business,
- our ability to retain our current global follower base, build our follower base and increase engagement with our followers through our digital media assets,
- our ability to enhance the content offered through our digital media assets and increase our subscriber base,
- our ability to effectively generate revenue from interaction with our followers through our digital media assets,
- our ability to attract new sponsors and advertisers, retain existing sponsors and advertisers and demonstrate that our digital media assets will deliver value to them,
- our ability to develop our digital media assets in a cost effective manner and operate our digital media services profitably and securely,
- our ability to identify and capitalize on new digital media business opportunities, and
- our ability to compete with other sports and other media for users' time

In addition, as we expand our digital and other media channels, including the internet, mobile services and social media, revenue from our other business sectors may decrease, including our Broadcasting revenue. Moreover, the increase in subscriber base in some of these digital and other media channels may limit the growth of the subscriber base and popularity of other channels. Failure to successfully address these risks and difficulties could affect our overall business, financial condition, results of operations, cash flow, liquidity and prospects.

Serious injuries to or losses of playing staff may affect our performance, and therefore our results of operations and financial condition

Injuries to members of the playing staff, particularly if career-threatening or career-ending, could have a detrimental effect on our business. Such injuries could have a negative effect upon our first team's performance and may also result in a loss of the income that would otherwise have resulted from a transfer of that player's registration. In addition, depending on the circumstances, we may write down the carrying value of a player on our balance sheet and record an impairment charge in our operating expenses to reflect any losses resulting from career-threatening or career-ending injuries to that player. Our strategy is to maintain a squad of first team players sufficient to mitigate the risk of player injuries. However, this strategy may not be sufficient to mitigate all financial losses in the event of an injury, and as a result such injury may affect the performance of our first team, and therefore our business, results of operations, financial condition and cash flow.

Inability to renew our insurance policies could expose us to significant losses

We insure against the death, permanent disablement and travel-related injuries of members of our first team, although not at such player's market value. Moreover, we do not carry insurance against career-ending injuries to our players sustained while playing or training. We also carry non-player

related insurance typical for our business (including liability, business interruption and terrorism insurance) When any of our insurance policies expire, it may not be possible to renew them on the same terms, or at all In such circumstances, some of our businesses and/or assets may be uninsured If any of these uninsured businesses or assets were to suffer damage, we could suffer a financial loss Our most valuable tangible asset is Old Trafford An inability to renew insurance policies covering our players, Old Trafford, the Aon Training Complex or other valuable assets could expose us to significant losses

Furthermore, although the Fédération Internationale de Football Association ("FIFA") now provides insurance coverage for loss of wages for players injured while playing for their senior national team in a match played under the FIFA international match calendar, our insurance policies do not cover our players during those periods and, under FIFA rules, national football associations are not obliged to provide insurance coverage for players on international duty

Our international expansion and operations in foreign markets expose us to risks associated with international sales and operations

We intend to continue to expand internationally and operate in select foreign markets Managing a global organization is difficult, time consuming and expensive Our inexperience in operating the club's businesses globally increases the risk that any future international expansion efforts that we may undertake will not be successful In addition, conducting international operations subjects us to risks such as the lack of familiarity with and unexpected changes in foreign regulatory requirements, difficulties in managing and staffing international operations, fluctuations in currency exchange rates, potentially adverse tax consequences, including foreign value added tax systems, and restrictions on repatriation of earnings, the burdens of complying with a wide variety of foreign laws and legal standards, increased financial accounting and reporting burdens and complexities, the lack of strong intellectual property regimes and political, social and economic instability abroad Operating in international markets also requires significant management attention and financial resources The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability

Fluctuations in exchange rates may adversely affect our results of operations

Our functional and reporting currency is pounds sterling and substantially all of our costs are denominated in pounds sterling However, Broadcasting revenue from our participation in UEFA competitions, as well as certain other revenue, is generated in Euros We also occasionally enter into transfer agreements or commercial partner agreements which are payable in Euros In addition, we have US dollar currency exposure relating to our secured term loan facility and senior secured notes as well as Commercial revenue from certain sponsors We hedge the foreign exchange risk on a portion of our future US dollar revenues using a portion of our US dollar denominated secured term loan facility and senior secured notes as the hedging instrument For the year ended 30 June 2016, we recorded a foreign exchange loss in our income statement on our unhedged US dollar denominated secured term loan facility and senior secured notes of £4.1 million (2015 loss of £0.3 million, 2014 loss of £2.7 million) For the years ended 30 June 2016, 2015 and 2014 approximately 7.0%, 1.2% and 9.1% of our total revenue was generated in Euros, respectively, and approximately 24.0%, 30.3% and 19.7% of our total revenue was generated in US dollars, respectively We may also enter into foreign exchange contracts to hedge a portion of this transactional exposure We offset the value of our non-sterling revenue and the value of the corresponding hedge before including such amounts in our overall revenue Our results of operations have in the past and will in the future fluctuate due to movements in exchange rates

Failure to adequately protect our intellectual property and curb the sale of counterfeit merchandise could injure our brand

Like other popular brands, we are susceptible to instances of brand infringement (such as counterfeiting and other unauthorized uses of our intellectual property rights). We seek to protect our brand assets by ensuring that we own and control certain intellectual property rights in and to those assets and, where appropriate, by enforcing those intellectual property rights. For example, we own the copyright in our logo, and our logo and trade name are registered as trademarks (or are the subject of applications for registration) in a number of jurisdictions in Europe, Asia Pacific, Africa, North America and South America. However, it is not possible to detect all instances of brand infringement. Additionally, where instances of brand infringement are detected, we cannot guarantee that such instances will be prevented as there may be legal or factual circumstances which give rise to uncertainty as to the validity, scope and enforceability of our intellectual property rights in the brand assets. Furthermore, the laws of certain countries in which we license our brand and conduct operations, particularly those in Asia (such as China) may not offer the same level of protection to intellectual property rights holders as those in the United Kingdom, the rest of Europe and the United States, or the time required to enforce our intellectual property rights under these legal regimes may be lengthy and delay recovery. For example, the unauthorized use of intellectual property is common and widespread in China and enforcement of intellectual property rights by Chinese regulatory agencies is inconsistent. If we were to fail or be unable to secure, protect, maintain and/or enforce the intellectual property rights which vest in our brand assets, then we could lose our exclusive right to exploit such brand assets. Infringement of our trademark, copyright and other intellectual property rights could have an adverse effect on our business. We also license our intellectual property rights to third parties. In an effort to protect our brand, we enter into licensing agreements with these third parties which govern the use of our intellectual property and which require our licensees to abide by quality control standards with respect to such use. Although we make efforts to police our licensees' use of our intellectual property, we cannot assure you that these efforts will be sufficient to ensure their compliance. The failure of our licensees to comply with the terms of their licenses could have a material adverse effect on our business, results of operations, financial condition and cash flow.

We could be negatively affected if we fail to adequately protect follower account information

We collect and process personal data (including name, address, age, bank details and other personal data) from our followers, customers, members, suppliers, business contacts and employees as part of the operation of our business (including online merchandising), and therefore we must comply with data protection and privacy laws in the United Kingdom and, in certain situations, other jurisdictions where our followers reside. Those laws impose certain requirements on us in respect of the collection, use and processing of personal information relating to our followers. In addition, we are exposed to the risk that the personal data we control could be wrongfully accessed and/or used, whether by employees, followers or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If we or any of the third party service providers on which we rely fail to process such personal data in a lawful or secure manner or if any theft or loss of personal follower data were to occur, we could face liability under data protection laws, including requirements to destroy customer information or notify the people to whom such information relates of any non-compliance as well as civil or criminal sanctions. This could also result in the loss of the goodwill of our followers and deter new followers. Each of these factors could harm our business reputation, our brand and have a material adverse effect on our business, results of operations, financial condition, cash flow and prospects.

Piracy and illegal live streaming may adversely impact our broadcasting and mobile & content revenue

For each of the years ended 30 June 2016, 2015 and 2014, Broadcasting revenue constituted 27.3%, 27.3% and 31.3%, respectively, of our total revenue. Our Broadcasting revenue is principally generated by the broadcasting of our matches on pay and free-to-air television channels as well as content delivered over the internet and through our own television channel, MUTV. In recent years, piracy and illegal live streaming of subscription content over the internet has caused, and is continuing to cause, lost revenue to media distributors showing our matches. For example, the Premier League previously initiated litigation against Google and YouTube for facilitating piracy and illegal streaming of subscription content. While this litigation matter has been settled there can be no guarantee that this or similar actions will prevent or limit future piracy or illegal streaming of subscription content. If these trends increase or continue unabated, they could pose a risk to subscription television services. The result could be a reduction in the value of our share of football broadcasting rights and of our online and MUTV services, which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Our operating results may fluctuate due to seasonality

Our operating results are subject to seasonal variation, limiting the overall comparability and predictability of interim financial periods. The seasonality of our operating results is primarily attributable to the number of games played in each financial period and therefore Matchday and Broadcasting revenue recognized. Similarly, certain of our costs derive from hosting games at Old Trafford, and these costs will also vary based on the number of games played in the period. We have historically generated higher revenue in the second and third quarters of our fiscal year. Our business might be affected by our first team reaching the later stages of European and domestic competitions, which would generate significant additional Broadcasting and Matchday revenue during the fourth quarter of our fiscal years. Our cash flow may also vary among interim periods due to the timing of significant payments from major commercial agreements. As a result, our interim results and any quarterly financial information that we publish should not be viewed as an indicator of our performance for the fiscal year.

We are subject to a greater tax rate than in previous years

During the year ended 30 June 2012, our principal operating subsidiaries were tax residents in the United Kingdom. For the year ended 30 June 2012, we were subject to a weighted UK statutory tax rate of 25.5%. Following the reorganization transactions in 2012, although we are organized as a Cayman Islands exempted company, we report as a US domestic corporation for US federal income tax purposes and we are subject to US federal income tax (currently at a statutory rate of 35%) on the majority of our worldwide income.

In addition, we are subject to income and other taxes in various other jurisdictions. The amount of tax we pay is subject to our interpretation and application of tax laws in jurisdictions in which we operate. Changes in current or future laws or regulations, or the imposition of new or changed tax laws or regulations or new related interpretations by taxing authorities in the US or foreign jurisdictions, could adversely affect our business, results of operations, financial condition and cash flow.

Business interruptions due to natural disasters, terrorist incidents and other events could adversely affect us and Old Trafford

Our operations can be subject to natural disasters, terrorist incidents and other events beyond our control, such as earthquakes, fires, power failures, telecommunication losses and acts of war. Such events, whether natural or manmade, could cause severe destruction or interruption to our operations, and as a result, our business could suffer serious harm. Our first team regularly tours the world for

promotional matches, visiting various countries with a history of terrorism and civil unrest, and as a result, we and our players could be potential targets of terrorism when visiting such countries. In addition, any prolonged business interruption at Old Trafford could cause a decline in Matchday revenue. Our business interruption insurance only covers some, but not all, of these potential events, and even for those events that are covered, it may not be sufficient to compensate us fully for losses or damages that may occur as a result of such events, including, for example, loss of market share and diminution of our brand, reputation and client loyalty. Any one or more of these events could have a material adverse effect on our business, results of operation, financial condition or cash flow.

If we fail to properly manage our anticipated growth, our business could suffer.

The planned growth of our commercial operations may place a significant strain on our management and on our operational and financial resources and systems. To manage growth effectively, we will need to maintain a system of management controls and attract and retain qualified personnel, as well as, develop, train and manage management-level and other employees. Failure to manage our growth effectively could cause us to over-invest or under-invest in infrastructure, and result in losses or weaknesses in our infrastructure, which could have a material adverse effect on our business, results of operations, financial condition and cash flow. Any failure by us to manage our growth effectively could have a negative effect on our ability to achieve our development and commercialization goals and strategies.

If we are unable to maintain, train and build an effective international sales and marketing infrastructure, we will not be able to commercialize and grow our brand successfully.

As we grow, we may not be able to secure sales personnel or organizations that are adequate in number or expertise to successfully market and sell our brand and products on a global scale. If we are unable to expand our sales and marketing capability, train our sales force effectively or provide any other capabilities necessary to commercialize our brand internationally, we will need to contract with third parties to market and sell our brand. If we are unable to establish and maintain compliant and adequate sales and marketing capabilities, we may not be able to increase our revenue, may generate increased expenses, and may not continue to be profitable.

Risks Related to Our Industry

An economic downturn and adverse economic conditions may harm our business.

An economic downturn and adverse conditions in the United Kingdom and global markets may negatively affect our operations in the future. Our Matchday and Broadcasting revenue in part depend on personal disposable income and corporate marketing and hospitality budgets. Further, our Commercial and sponsorship revenue are contingent upon the expenditures of businesses across a wide range of industries, and if these industries were to cut costs in response to an economic downturn, our revenue may similarly decline. Weak economic conditions could also cause a reduction in our Commercial and sponsorship, as well as our Broadcasting and Matchday revenue, each of which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

The departure of the United Kingdom from the European Union may adversely affect our operations and financial results.

On 23 June 2016, the United Kingdom (UK) held a referendum in which voters approved an exit from the European Union (EU), commonly referred to as “Brexit”. As a result of the referendum, which was advisory in nature, it is expected that the British government will begin negotiating the terms of the UK’s future relationship with the EU, including any potential withdrawal. This negotiation period could last at least two years after the British government formally initiates a withdrawal process.

Nevertheless, the referendum has created significant uncertainty about the future relationship between the UK and the EU, and has given rise to calls for certain regions within the UK to preserve their place in the EU by separating from the UK, as well as for the governments of other EU member states to consider withdrawal

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Lack of clarity about future UK laws and regulations as the UK determines which EU laws to replace or replicate in the event of withdrawal could decrease foreign direct investment in the UK, increase costs, depress economic activity and restrict our access to capital. If the UK and the EU are unable to negotiate acceptable withdrawal terms or if other EU member states pursue withdrawal, barrier-free access between the UK and other EU member states or among the European economic area overall could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition, results of operations, financial condition and cash flow.

Furthermore, although it is unknown what the terms of the UK's future relationship with the EU, if any, will be, or which EU laws the UK will replace or replicate in the event of withdrawal, it is possible that there will be greater restrictions on imports and exports between the UK and EU member states, greater restrictions on the movement of players between the UK and EU member states, and other increased regulatory complexities. These changes may have a material adverse effect on our business, results of operations, financial condition and cash flow and our ability to continue to compete with the top football clubs in Europe.

An increase in the relative size of salaries or transfer costs could adversely affect our business

Our success depends on our ability to attract and retain the highest quality players and coaching staff. As a result, we are obliged to pay salaries generally comparable to our main competitors in England and Europe. Any increase in salaries may adversely affect our business, results of operations, financial condition and cash flow.

Other factors that affect player salaries, such as changes in personal tax rates, changes to the treatment of income or other changes to taxation in the United Kingdom and the relative strength of pounds sterling, may make it more difficult to attract top players and coaching staff from Europe or elsewhere or require us to pay higher salaries to compensate for higher taxes or less favorable exchange rates. In addition, if our revenue falls and salaries remain stable (for example as a result of fixed player or coaching staff salaries over a long period) or increase, our results of operations would be materially adversely affected.

An increase in transfer fees would require us to pay more than expected for the acquisition of players' registrations in the future. In addition, certain players' transfer values may diminish after we acquire them, and we may sell those players for transfer fees below their net book value, resulting in a loss on disposal of players' registrations. Net transfer costs could also increase if levies imposed by FIFA, the Premier League or any other organization in respect of the transfer of players' registrations were to increase.

We remain committed to attracting and retaining the highest quality players for our first team. Our average annual net player capital expenditure over the last 10 years has been £39.6 million (excluding the sale of a player in the year ended 30 June 2009 that generated significant cash inflow, the average annual net player capital expenditure over the same period would have been £47.6 million), and we continue to expect it to vary significantly from period to period. We may explore new player acquisitions in connection with future transfer periods that may materially increase the amount of our

net player capital expenditure. As part of any material increase in net player capital expenditure, we may also experience a material increase in our expenditure for player salaries. The actual amount of cash we use on player acquisitions will also depend, in part, on the amount of any cash we receive as a result of the sale of any players. Any increase in net player capital expenditure compared to historic levels will also result in an increase in amortization expenses in future periods.

UEFA and Premier League regulations could negatively affect our business

As the primary governing body of European football, UEFA continually evaluates the dynamics in the football industry and considers changes to the regulatory framework governing European football clubs. As an example, clubs participating in the Champions League and Europa League competitions are subject to the UEFA Club Licensing and Financial Fair Play regulations ("FFP regulations"). Breaches in the rules may result in, among other things, withholding of prize money, transfer bans and ultimately disqualification from European competitions. Amongst other things, these rules are intended to discourage clubs from continually operating at a loss and to ensure that clubs settle their football, staff and tax creditors on time. Breaches of FFP regulations, for example, where relevant costs (which includes all wage costs and the amortization of player capital expenditures, but excludes depreciation of tangible fixed assets, youth development and community expenditure) exceed revenues on a cumulative basis over a three-year period, or serious delays in settling creditors, have resulted in clubs being punished by way of significant fines and even exclusion from UEFA competitions.

The Premier League has also introduced regulations that aim to promote sustainability through profitability. A break-even test, similar to that contained in UEFA's FFP regulations has been implemented, our first submission having been made during the 2015/16 Premier League competition based on the fiscal years ended 30 June 2014 and 2015. In addition, the regulations introduced for the three seasons ended 2015/16 which limited the annual increase in aggregate player remuneration unless such increases are funded by additional revenue from sources other than Premier League broadcasting revenue have been extended for a further three seasons beginning with the 2016/17 season. Wide-ranging sanctions, including significant fines, player transfer restrictions and Premier League points deduction, may be imposed for breaches of these regulations.

There is a risk that application of the FFP regulations and Premier League profitability and sustainability regulations could have a material adverse effect on the performance of our first team and our business, results of operations, financial condition and cash flow.

We could be negatively affected by current and other future Premier League, FA, UEFA or FIFA regulations

Future changes to the Premier League, FA, UEFA, FIFA or other regulations may adversely affect our results of operations. These regulations could cover various aspects of our business, such as the format of competitions, the eligibility of players, the operation of the transfer market and the distribution of broadcasting revenue. In addition, changes are being considered to address the financial sustainability of clubs such as more robust ownership rules and tests in relation to board directors and significant shareholders. In particular, changes to football regulations designed to promote competition could have a significant impact on our business. Such changes could include changes to the distribution of broadcasting income, changes to the relegation structure of English football and restrictions on player spending. In addition, rules designed to promote the development of local players, such as the Home Grown Player Rule, which requires each Premier League club to include at least eight "home grown" (i.e. players that have been registered for at least three seasons at an English or Welsh club between the ages of 16 and 21) players in their squads, could limit our ability to select players. Any of these changes could make it more difficult for us to acquire top quality players and, therefore, adversely affect the performance of our first team.

Changes in the format of the league and cup competitions in which our first team plays, or might in the future play, could have a negative impact on our results of operations. In addition, in the event that new competitions are introduced to replace existing competitions (for example, a European league), our results of operations may be negatively affected.

There could be a decline in our popularity or the popularity of football.

There can be no assurance that football will retain its popularity as a sport around the world and its status in the United Kingdom as the so-called “national game,” together with the associated levels of media coverage. In addition, we could suffer a decline in popularity. Any decline in popularity could result in lower ticket sales, broadcasting revenue, sponsorship revenue, a reduction in the value of our players or our brand, or a decline in the value of our securities, including our Class A ordinary shares. Any one of these events or a combination of such events could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Risk Related to Our Indebtedness

Our indebtedness could adversely affect our financial health and competitive position

As of 30 June 2016, we had total indebtedness of £490.1 million. Our indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. It could also have effects on our business. For example, it could

- limit our ability to pay dividends,
- increase our vulnerability to general adverse economic and industry conditions,
- require us to dedicate a material portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund the hiring and retention of players and coaching staff, working capital, capital expenditures and other general corporate purposes,
- limit our flexibility in planning for, or reacting to, changes in our business and the football industry,
- affect our ability to compete for players and coaching staff, and
- limit our ability to borrow additional funds.

In addition, our revolving facility, our secured term loan facility and the note purchase agreement governing the 2027 Notes contain, and any agreements evidencing or governing other future indebtedness may contain, certain restrictive covenants that will limit our ability to engage in certain activities that are in our long-term best interests (see “—Our indebtedness may restrict our ability to pursue our business strategies” below). We have not previously breached and are not in breach of any of the covenants under any of these facilities, however our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our indebtedness.

To service our indebtedness, we require cash, and our ability to generate cash is subject to many factors beyond our control

Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to the performance and popularity of our first team as well as general economic, financial, competitive, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. Failure to refinance our indebtedness on terms we believe to be acceptable could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Our indebtedness may restrict our ability to pursue our business strategies

Our revolving facility, our secured term loan facility and the note purchase agreement governing the 2027 Notes limit our ability, among other things, to

- incur additional indebtedness,
- pay dividends or make other distributions or repurchase or redeem our shares,
- make investments,
- sell assets, including capital stock of restricted subsidiaries,
- enter into agreements restricting our subsidiaries' ability to pay dividends,
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets,
- enter into sale and leaseback transactions,
- enter into transactions with our affiliates, and
- incur liens

Our ability to comply with these covenants and restrictions may be affected by events beyond our control. If we breach any of these covenants or restrictions, we could be in default under our revolving facility, our secured term loan facility and the 2027 Notes. This would permit the lending banks under our revolving facility and our secured term loan facility to take certain actions, including declaring all amounts that we have borrowed under our revolving facility, our secured term loan facility and other indebtedness to be due and payable, together with accrued and unpaid interest. This would also result in an event of default under the note purchase agreement governing the 2027 Notes. Furthermore, lending banks could refuse to extend further credit under the revolving facility. If the debt under our revolving facility, our secured term loan facility, the 2027 Notes or any other material financing arrangement that we enter into were to be accelerated, our assets, in particular liquid assets, may be insufficient to repay our indebtedness. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly

We are subject to interest rate risk in connection with borrowings under our revolving facility and our secured term loan facility, which bear interest at variable rates. Interest rate changes could impact the amount of our interest payments, and accordingly, our future earnings and cash flow, assuming other factors are held constant. We have entered into an interest rate swap related to our secured term loan facility that involves the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. As of 30 June 2016, we had £166,018,000 of variable rate indebtedness outstanding under our secured term loan facility. We cannot assure you that any hedging activities entered into by us will be effective in fully mitigating our interest rate risk from our variable rate indebtedness.

Risks Related to Ownership of Our Class A Ordinary Shares

Because of its significant share ownership, our principal shareholder will be able to exert control over us and our significant corporate decisions

Our principal shareholder, Red Football LLC, controls 20.03% of our issued and outstanding Class A ordinary shares and 68.55% of our issued and outstanding Class B ordinary shares, representing 67.03% of the voting power of our outstanding capital stock. Each Class A ordinary share is entitled to one vote per share and is not convertible into any other class of shares. Each Class B ordinary share is entitled to 10 votes per share and is convertible into one Class A ordinary share at any time. In addition, our Class B ordinary shares will automatically convert into shares of our Class A ordinary shares upon certain transfers and other events, including upon the date when holders of all Class B ordinary shares cease to hold Class B ordinary shares representing at least 10% of the total number of Class A and Class B ordinary shares outstanding. For special resolutions, which require the vote of two-thirds of the votes cast, at any time that Class B ordinary shares remain outstanding, the voting power permitted to be exercised by the holders of the Class B ordinary shares will be weighted such that the Class B ordinary shares shall represent, in the aggregate, 67% of the voting power of all shareholders. As a result, our principal shareholder will have the ability to determine the outcome of all matters submitted to our shareholders for approval, including the election and removal of directors and any merger, consolidation, or sale of all or substantially all of our assets. The interests of our principal shareholder might not coincide with the interests of the other shareholders. This concentration of ownership may harm the value of our Class A ordinary shares, among other things:

- delaying, deferring or preventing a change in control of our Company,
- impeding a merger, consolidation, takeover or other business combination involving our Company, or
- causing us to enter into transactions or agreements that are not in the best interests of all shareholders

As a foreign private issuer and “controlled company” within the meaning of the New York Stock Exchange’s corporate governance rules, we are permitted to, and we do, rely on exemptions from certain of the New York Stock Exchange corporate governance standards, including the requirement that a majority of our board of directors consist of independent directors. Our reliance on such exemptions may afford less protection to holders of our Class A ordinary shares

The New York Stock Exchange’s corporate governance rules require listed companies to have, among other things, a majority of independent board members and independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, we are permitted to, and we do, follow home country practice in lieu of the above requirements. As long as we rely on the foreign private issuer exemption to certain of the New York Stock Exchange corporate governance standards, a majority of the directors on our board of directors are not required to be independent directors, our remuneration committee is not required to be comprised entirely of independent directors and we are not required to have a nominating and corporate governance committee. Therefore, our board of directors’ approach to governance may be different from that of a board of directors consisting of a majority of independent directors, and, as a result, the management oversight of our Company may be more limited than if we were subject to all of the New York Stock Exchange corporate governance standards.

In the event we no longer qualify as a foreign private issuer, we intend to rely on the “controlled company” exemption under the New York Stock Exchange corporate governance rules. A “controlled company” under the New York Stock Exchange corporate governance rules is a company of which more than 50% of the voting power is held by an individual, group or another company. Our principal

shareholder, Red Football LLC, controls a majority of the combined voting power of our outstanding ordinary shares, making us a “controlled company” within the meaning of the New York Stock Exchange corporate governance rules. As a controlled company, we are eligible to, and, in the event we no longer qualify as a foreign private issuer, we intend to, elect not to comply with certain of the New York Stock Exchange corporate governance standards, including the requirement that a majority of directors on our board of directors are independent directors and the requirement that our remuneration committee and our nominating and corporate governance committee consist entirely of independent directors.

Accordingly, our shareholders do not have the same protection afforded to shareholders of companies that are subject to all of the New York Stock Exchange corporate governance standards, and the ability of our independent directors to influence our business policies and affairs may be reduced.

We are an “emerging growth company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies make our Class A ordinary shares less attractive to investors

We are an “emerging growth company,” as defined in the JOBS Act, and, as such, we take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act. We cannot predict if investors will find our Class A ordinary shares less attractive because we rely on these exemptions. If some investors find our Class A ordinary shares less attractive as a result, there may be a less active trading market for our Class A ordinary shares and our share price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the “Securities Act”), for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we previously chose to “opt out” of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We will cease to be an emerging growth company as of 30 June 2018 or such earlier time if we have more than \$1.0 billion in annual revenue, have more than \$700 million in market value of our ordinary shares held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three-year period.

The obligations associated with being a public company require significant resources and management attention

As a public company in the United States, we incur legal, accounting and other expenses that we did not previously incur as a private company. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Sarbanes-Oxley Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increases demand on our systems and resources, particularly after we are no longer an “emerging growth company.” The Exchange Act requires that we file annual and current reports with respect to our business, financial condition and results of operations. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Furthermore,

the demands of being a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, financial condition and results of operations. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we have taken, and will continue to take, may not be sufficient to satisfy our obligations as a public company. In addition, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, these rules and regulations make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the same or similar coverage. These additional obligations could have a material adverse effect on our business, financial condition, results of operations and cash flow.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business, financial condition, results of operations and cash flow could be adversely affected.

For as long as we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We will cease to be an emerging growth company as of 30 June 2018 or such earlier time if we have more than \$1.0 billion in annual revenue, have more than \$700 million in market value of our ordinary shares held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three-year period.

Furthermore, once we are no longer an emerging growth company, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting. Even if our management concludes that our internal controls over financial reporting are effective, our independent registered public accounting firm may decline to attest to our management's assessment or may issue a report that is qualified if it is not satisfied with our controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, in connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. Failure to comply with Section 404 could subject us to regulatory scrutiny and sanctions, impair our ability to raise revenue, cause investors to lose confidence in the accuracy and completeness of our financial reports and negatively affect our share price.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses

We are a "foreign private issuer," as such term is defined in Rule 405 under the Securities Act, and therefore, we are not required to comply with all the periodic disclosure and current reporting requirements of the Exchange Act and related rules and regulations. Under Rule 405, the

determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter and, accordingly, the next determination will be made with respect to us on 31 December 2016

In the future, we would lose our foreign private issuer status if a majority of our shareholders, directors or management are US citizens or residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. Although we have elected to comply with certain US regulatory provisions, our loss of foreign private issuer status would make such provisions mandatory. The regulatory and compliance costs to us under US securities laws as a US domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on US domestic issuer forms with the US Securities and Exchange Commission (the "SEC"), which are more detailed and extensive than the forms available to a foreign private issuer. For example, the annual report on Form 10-K requires domestic issuers to disclose executive compensation information on an individual basis with specific disclosure regarding the domestic compensation philosophy, objectives, annual total compensation (base salary, bonus, equity compensation) and potential payments in connection with change in control, retirement, death or disability, while the annual report on Form 20-F permits foreign private issuers to disclose compensation information on an aggregate basis. We will also have to mandatorily comply with US federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We may also be required to modify certain of our policies to comply with good governance practices associated with US domestic issuers. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on US stock exchanges that are available to foreign private issuers.

Anti-takeover provisions in our organizational documents and Cayman Islands law may discourage or prevent a change of control, even if an acquisition would be beneficial to our shareholders, which could depress the price of our Class A ordinary shares and prevent attempts by our shareholders to replace or remove our current management

Our amended and restated memorandum and articles of association contain provisions that may discourage unsolicited takeover proposals that shareholders may consider to be in their best interests. In particular, our amended and restated memorandum and articles of association permit our board of directors to issue preference shares from time to time, with such rights and preferences as they consider appropriate. Our board of directors could also authorize the issuance of preference shares with terms and conditions and under circumstances that could have an effect of discouraging a takeover or other transaction. We are also subject to certain provisions under Cayman Islands law which could delay or prevent a change of control. In particular, any merger, consolidation or amalgamation of the Company would require the active consent of our board of directors. Our board of directors may be appointed or removed by the holders of the majority of the voting power of our ordinary shares (which is controlled by our principal shareholder). Together these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our Class A ordinary shares.

The price of our Class A ordinary shares might fluctuate significantly, and you could lose all or part of your investment

Volatility in the market price of our Class A ordinary shares may prevent investors from being able to sell their shares of our Class A ordinary shares at or above the price they paid for such shares. The trading price of our Class A ordinary shares may be volatile and subject to wide price fluctuations in response to various factors, including

- performance of our first team,

- the overall performance of the equity markets,
- industry related regulatory developments,
- issuance of new or changed securities analysts' reports or recommendations,
- additions or departures of key personnel,
- investor perceptions of us and the football industry, changes in accounting standards, policies, guidance, interpretations or principles,
- sale of our Class A ordinary shares by us, our principal shareholder or members of our management,
- general economic conditions,
- changes in interest rates, and
- availability of capital

These and other factors might cause the market price of our Class A ordinary shares to fluctuate substantially, which might limit or prevent investors from readily selling their shares of our Class A ordinary share and may otherwise negatively affect the liquidity of our Class A ordinary shares. In addition, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies across many industries. The changes frequently appear to occur without regard to the operating performance of the affected companies. Accordingly, the price of our Class A ordinary shares could fluctuate based upon factors that have little or nothing to do with our Company, and these fluctuations could materially reduce our share price. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. This litigation, if instituted against us, could result in substantial costs, divert our management's attention and resources, and harm our business, operating results and financial condition.

Future sales of our Class A ordinary shares, or the perception in the public markets that these sales may occur, may depress our stock price

Sales of substantial amounts of our Class A ordinary shares, or the perception that these sales could occur, could adversely affect the price of our Class A ordinary shares and could impair our ability to raise capital through the sale of additional shares. As of 8 September 2016 we had 40,025,280 Class A ordinary shares outstanding. The Class A ordinary shares are freely tradable without restriction under the Securities Act, except for any of our Class A ordinary shares that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

All of our Class A ordinary shares outstanding as of the date of this Annual Report may be sold in the public market by existing shareholders, subject to applicable Rule 144 volume limitations and other limitations imposed under federal securities laws.

In the future, we may also issue our securities if we need to raise capital in connection with a capital raise or acquisition. The amount of our Class A ordinary shares issued in connection with a capital raise or acquisition could constitute a material portion of our then-outstanding Class A ordinary shares.

Our ability to pay regular dividends is subject to restrictions in our revolving facility, our secured term loan facility, the note purchase agreement governing the 2027 Notes, results of operations, distributable reserves and solvency requirements; our Class A ordinary shares have no guaranteed dividends and holders of our Class A ordinary shares have no recourse if dividends are not declared.

In fiscal year 2016 we began paying a regular quarterly cash dividend on our Class A ordinary shares and Class B ordinary shares of \$0.045 per share. Our board of directors recently approved replacing the previous quarterly cash dividend with a regular semi-annual cash dividend of \$0.09 per share. We expect to continue paying regular dividends to our Class A ordinary shareholders and Class B ordinary shareholders. The declaration and payment of any future dividends, however, will be at the sole discretion of our board of directors or a committee thereof and will depend upon our results of operations, financial condition, distributable reserves, contractual restrictions, restrictions imposed by applicable law, capital requirements and other factors our board of directors (or such committee thereof) deems relevant. Furthermore, neither of our Class A ordinary shares nor our Class B ordinary shares have any guaranteed dividends and holders of our Class A ordinary shares and holders of our Class B ordinary shares have no recourse if dividends are not declared. Our ability to pay dividends on the Class A ordinary shares and Class B ordinary shares is limited by our revolving facility, our secured term loan facility and the note purchase agreement governing the 2027 Notes, which contain restricted payment covenants. The restricted payment covenants allow dividends in certain circumstances, including to the extent dividends do not exceed 50% of the cumulative consolidated net income of Red Football Limited and its restricted subsidiaries, provided there is no event of default and Red Football Limited is able to meet the principal and interest payments on its debt under a fixed charge coverage test. Our ability to pay dividends may be further restricted by the terms of any of our future debt or preferred securities. Additionally, because we are a holding company, our ability to pay dividends on our Class A ordinary shares and Class B ordinary shares is limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our indebtedness. As a consequence of these limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our Class A ordinary shares. Accordingly, you may have to sell some or all of your Class A ordinary shares after price appreciation in order to generate cash flow from your investment. You may not receive a gain on your investment when you sell your Class A ordinary shares and you may lose the entire amount of the investment. Additionally, any change in the level of our dividends or the suspension of the payment thereof could adversely affect the market price of our Class A ordinary shares. See “Item 8 Financial Information—A Consolidated Financial Statements and Other Financial Information—Dividend Policy.”

The rules of the Premier League and our amended and restated memorandum and articles of association impose certain limitations on shareholders’ ability to invest in more than one football club

The rules of the Premier League prohibit any person who holds an interest of 10% or more of the total voting rights exercisable in a Premier League football club from holding an interest in voting rights exercisable in any other Premier League football club. As a result, our amended and restated memorandum and articles of association prohibit the acquisition of (i) 10% or more of our Class A ordinary shares if they hold any interest in voting rights exercisable in another Premier League football club and (ii) any Class A ordinary shares if they hold an interest of 10% or more of the total voting rights exercisable in another Premier League football club. In addition, under our amended and restated memorandum and articles of association, if any shareholder is determined by us, at our absolute discretion, to be holding any Class A ordinary shares in violation of this rule or the rules of certain other relevant governing bodies, we have the right to repurchase shares from such person or direct that shareholder to transfer those shares to another person.

Exchange rate fluctuations may adversely affect the foreign currency value of the Class A ordinary shares and any dividends

Our Class A ordinary shares are quoted in US dollars on the New York Stock Exchange. Our financial statements are prepared in pounds sterling. Fluctuations in the exchange rate between the pounds sterling and the US dollar will affect, among other matters, the US dollar value of the Class A ordinary shares and of any dividends.

The rights afforded to shareholders are governed by the laws of the Cayman Islands

Our corporate affairs and the rights afforded to shareholders are governed by our amended and restated memorandum and articles of association and by the Companies Law (2011 Revision) of the Cayman Islands, as amended and restated from time to time (the “Companies Law”) and common law of the Cayman Islands, and these rights differ in certain respects from the rights of shareholders in typical US corporations. In particular, the laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedent in existence in the United States. The laws of the Cayman Islands provide only limited circumstances under which shareholders of companies may bring derivative actions and (except in limited circumstances) do not afford appraisal rights to dissenting shareholders in the form typically available to shareholders of a US corporation other than in limited circumstances in relation to certain mergers. A summary of Cayman Islands law on the protection of minority shareholders is set out in “Item 10 Additional Information—B Memorandum and Articles of Association and Other Share Information.”

We report as a US domestic corporation for US federal income tax purposes

As discussed more fully under “Item 10 Additional Information—E Taxation,” due to the circumstances of our formation and the application of Section 7874 of the US Internal Revenue Code of 1986, as amended (the “Code”), we report as a US domestic corporation for all purposes of the Code. As a result, we are subject to US federal income tax on the majority of our worldwide income. In addition, if we pay dividends to a Non-US Holder, as defined in the discussion “Item 10 Additional Information—E Taxation,” we will be required to withhold US income tax at the rate of 30%, or such lower rate as may be provided in an applicable income tax treaty. Each investor should consult its own tax adviser regarding the US federal income tax position of the Company and the tax consequences of holding the Class A ordinary shares.

Withholding under the Foreign Account Tax Compliance Act may apply to our dividends and gross proceeds from the sale or other disposition of our Class A ordinary shares

Under legislation incorporating provisions referred to as the Foreign Account Tax Compliance Act (“FATCA”), a 30% withholding tax will generally apply to certain types of payments, including US source dividends and gross proceeds from the disposition of equity securities that produce US source dividends, made to “foreign financial institutions” (as defined under those rules) and certain other non-US entities, unless such foreign financial institutions or other entities comply with requirements under FATCA or are otherwise exempt from such requirements. Because we report as a US domestic corporation for all purposes of the Code, including for purposes of FATCA, our dividends as well as gross proceeds from the sale or other disposition of our Class A ordinary shares paid to a foreign financial institution or other non-US entity may be subject to potential withholding under FATCA. Under the applicable Treasury regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our Class A ordinary shares, and also will apply on or after 1 January 2019 to payments of gross proceeds from a sale or other disposition of Class A ordinary shares. Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to an investment in our Class A ordinary shares.

If securities or industry analysts do not publish research or reports or publish unfavorable research about our business, our stock price and trading volume could decline

The trading market for our Class A ordinary shares depends in part on the research and reports that securities or industry analysts publish about us, our business or our industry. If one or more of the analysts who covers us downgrades our stock, our share price will likely decline. If one or more of these analysts ceases to cover us or fails to publish regular reports on us, interest in the purchase of our Class A ordinary shares could decrease, which could cause our stock price or trading volume to decline.

It may be difficult to enforce a US judgment against us, our directors and officers and certain experts named in this Annual Report outside the United States, or to assert US securities law claims outside of the United States.

The majority of our directors and executive officers are not residents of the United States, and the majority of our assets and the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon us within the United States or other jurisdictions, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. Additionally, it may be difficult to assert US securities law claims in actions originally instituted outside of the United States. Foreign courts may refuse to hear a US securities law claim because foreign courts may not be the most appropriate forums in which to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the law of the jurisdiction in which the foreign court resides, and not US law, is applicable to the claim. Further, if US law is found to be applicable, the content of applicable US law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by the law of the jurisdiction in which the foreign court resides.

In particular, investors should be aware that there is uncertainty as to whether the courts of the Cayman Islands would recognize and enforce judgments of United States courts obtained against us or our directors or management as well as against the selling shareholder predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States or entertain original actions brought in the Cayman Islands courts against us or our directors or officers as well as against the selling shareholder predicated upon the securities laws of the United States or any state in the United States. As a result of the difficulty associated with enforcing a judgment against us, you may not be able to collect any damages awarded by either a US or foreign court.

ITEM 4. INFORMATION ON THE COMPANY

Our Company—Manchester United

We are one of the most popular and successful sports teams in the world, playing one of the most popular spectator sports on Earth. Through our 138-year heritage we have won 64 trophies, including a record 20 English league titles, enabling us to develop what we believe is one of the world's leading sports brands and a global community of 659 million followers. Our large, passionate community provides us with a worldwide platform to generate significant revenue from multiple sources, including sponsorship, merchandising, product licensing, mobile & content, broadcasting and matchday. We attract leading global companies such as adidas, Aon, and General Motors (Chevrolet) that want access and exposure to our community of followers and association with our brand.

Our global community of followers engages with us in a variety of ways

- Premier League games at our home stadium, Old Trafford, have been sold out since the 1997/98 season. In the 2015/16 season, our 29 home games were attended by over 21 million people.

- We undertake exhibition games and promotional tours on a global basis, enabling our worldwide followers to see our team play. These games are in addition to our competitive matches and take place during the summer months or during gaps in the football season. Over the last 6 years, we have played 29 exhibition games in Australia, China, Germany, Hong Kong, Ireland, Japan, Norway, South Africa, Sweden, Thailand and the United States, where in 2014, we set a U.S. attendance record for a football match with 109,318 fans at Michigan stadium.
- Our customer relationship management (“CRM”) database, a proprietary data repository that includes contact and transactional details of followers and customers around the globe, enables us to analyze and better understand prospects and customers to drive revenues. As of 30 June 2016, the CRM database holds in excess of 43.7 million records, as compared to 40.7 million records as of 30 June 2015, an increase of approximately 3.1 million, or 7.5%.
- During the 2015/16 season, our games generated a cumulative audience reach of over 3.2 billion viewers, according to the Futures Data, across 200 territories. On a per game basis, our 59 games attracted an average cumulative audience reach of 54 million per game, based on the Futures Data.
- We have one of the strongest online global brands providing us with significant opportunities to further engage with our followers and develop our media assets and revenue streams.
- As of 30 June 2016, we had close to 160 million digital connections.
- Our website, www.manutd.com, is published in 7 languages and over the year ended 30 June 2016 attracted an average of approximately 36 million page views per month.
- We have a very popular brand page on Facebook with over 69.8 million connections. In comparison, the New York Yankees have approximately 8.5 million Facebook connections and the Dallas Cowboys have approximately 8.3 million Facebook connections. Furthermore, we have more Facebook connections than the NBA, NFL and MLB combined and we are the most popular Facebook page registered in the United Kingdom according to www.socialbakers.com.
- Our Twitter account has more than 8 million followers, an increase of over 48% from 30 June 2015.
- It took us just 22 days to become the top Premier League Club on Instagram in August 2013, and we are still the most-followed, fastest-growing, and most-engaged Premier League club on the platform.
- We also have a significant presence on Chinese social media, with 8.7 million followers on Sina Weibo and 5.3 million followers on Tencent Weibo—topping all other football clubs on the platforms.

Our Business Model and Revenue Drivers

We operate and manage our business as a single reporting segment—the operation of a professional sports team. However, we review our revenue through three principal sectors—Commercial, Broadcasting and Matchday.

- **Commercial** Within the Commercial revenue sector, we monetize our global brand via three revenue streams: sponsorship, retail, merchandising, apparel & product licensing, and mobile & content.
- **Sponsorship** We monetize the value of our global brand and community of followers through marketing and sponsorship relationships with leading international and regional companies around the globe. To better leverage the strength of our brand, we have developed a global, regional and product segmentation sponsorship strategy. Our sponsorship revenue was

£160.1 million, £154.8 million and £135.8 million for each of the years ended 30 June 2016, 2015 and 2014, respectively

- **Retail, Merchandising, Apparel & Product Licensing** We market and sell sports apparel, training and leisure wear and other clothing featuring the Manchester United brand on a global basis. In addition, we also sell other licensed products, from coffee mugs to bed spreads, featuring the Manchester United brand and trademarks. These products are distributed through Manchester United branded retail centers and e-commerce platforms, as well as our partners' wholesale distribution channels. All of our retail, merchandising, apparel & product licensing business was previously managed by Nike up to the end of July 2015. Our retail, merchandising, apparel & product licensing revenue was £97.3 million, £31.6 million and £37.5 million for each of the years ended 30 June 2016, 2015 and 2014, respectively.
- **Mobile & Content** Due to the strength of our brand and the quality of our content, we have formed mobile telecom partnerships in numerous countries. In addition, we market content directly to our followers through our website, www.manutd.com, and associated mobile properties. Our mobile & content revenue was £10.9 million, £10.4 million and £16.0 million for each of the years ended 30 June 2016, 2015 and 2014, respectively.

Our Commercial revenue was £268.3 million, £196.9 million and £189.3 million for each of the years ended 30 June 2016, 2015 and 2014, respectively, and grew at a compound annual growth rate of 19.1% from fiscal year 2014 through fiscal year 2016. Our historical growth rates do not guarantee that we will achieve comparable rates in the future.

Our other two revenue sectors, Broadcasting and Matchday, provide predictable cash flow and global media exposure that enables us to continue to invest in the success of the team and expand our brand.

- **Broadcasting** We benefit from the distribution of live football content directly from the revenue we receive and indirectly through increased global exposure for our commercial partners. Broadcasting revenue is derived from the global television rights relating to the Premier League, European competitions and other competitions. In addition, our wholly-owned global television channel, MUTV, delivers Manchester United programming to over 56 countries and territories around the world. Broadcasting revenue including, in some cases, prize money received by us in respect of various competitions, will vary from year to year as a result of variability in the amount of available prize money and the performance of our first team in such competitions. Our Broadcasting revenue was £140.4 million, £107.7 million and £135.8 million for each of the years ended 30 June 2016, 2015 and 2014, respectively.
- **Matchday** We believe Old Trafford is one of the world's iconic sports venues. It currently seats 75,643 and is the largest football club stadium in the UK. We have averaged over 99% of attendance capacity for our Premier League matches in each of the last 18 years. Matchday revenue will vary from year to year as a result of the number of home games played and the performance of our first team in various competitions. Our Matchday revenue was £106.6 million, £90.6 million and £108.1 million for each of the years ended 30 June 2016, 2015 and 2014, respectively.

Total revenue for the years ended 30 June 2016, 2015 and 2014 was £515.3 million, £395.2 million and £433.2 million, respectively.

Our Competitive Strengths

We believe our key competitive strengths are

- ***One of the most successful sports teams in the world***· Founded in 1878, Manchester United is one of the most successful sports teams in the world—playing one of the world’s most popular spectator sports. We have won 64 trophies in nine different leagues, competitions and cups since 1908. Our ongoing success is supported by our highly developed football infrastructure and global scouting network.
- ***A globally recognized brand with a large, worldwide following***· Our 138-year history, our success and the global popularity of our sport have enabled us to become what we believe to be one of the world’s most recognizable brands. We enjoy the support of our worldwide community of 659 million followers. The composition of our follower base is far reaching and diverse, transcending cultures, geographies, languages and socio-demographic groups, and we believe the strength of our brand goes beyond the world of sports.
- ***Ability to successfully monetize our brand***· The popularity and quality of our globally recognized brand make us an attractive marketing partner for companies around the world. Our community of followers is strong in emerging markets, especially in certain regions of Asia, which enables us to deliver media exposure and growth to our partners in these markets.
- ***Well established global media and marketing infrastructure driving Commercial revenue growth***· We have a large global team, working from our UK and Hong Kong offices, dedicated to the development and monetization of our brand and to the sourcing of new revenue opportunities. The team has considerable experience and expertise in sponsorship sales, customer relationship management, marketing execution, advertising support and brand development. In addition, we have developed an increasing range of case studies, covering multiple sponsorship categories and geographies, which in combination with our many years’ experience enables us to demonstrate and deliver an effective set of marketing capabilities to our partners on a global and regional basis. Our team is dedicated to the development and monetization of our brand and to the sourcing of new revenue opportunities.
- ***Sought-after content capitalizing on the proliferation of digital and social media***· We produce content that is followed year-round by our global community of followers. Our content distribution channels are international and diverse, and we actively adopt new media channels to enhance the accessibility and reach of our content. We believe our ability to generate proprietary content, which we distribute on our own global platforms as well as via popular third party social media platforms such as Facebook, Twitter, Sina Weibo, Tencent Weibo and others, constitute an ongoing growth opportunity.
- ***Seasoned management team and committed ownership***· Our senior management has considerable experience and expertise in the football, commercial, media and finance industries.

Our Strategy

We aim to increase our revenue and profitability by expanding our high growth businesses that leverage our brand, global community and marketing infrastructure. The key elements of our strategy are

- ***Expand our portfolio of sponsors***· We are well-positioned to continue to secure sponsorships with leading brands. We have historically implemented a proactive approach to identifying, securing and supporting sponsors. During fiscal year 2016 we announced six global sponsorship partnerships, five regional sponsorship partnerships and three financial services and telecom agreements. We experienced an 8.6% compound annual growth rate in our sponsorship revenue.

from fiscal year 2014 through fiscal year 2016 (the growth rate from fiscal year 2014 to fiscal year 2015 was 14.0% and from fiscal year 2015 to fiscal year 2016 was 3.4%). Our historical growth rates do not guarantee that we will achieve comparable rates in the future. In addition to developing our global sponsorship portfolio, we are focused on segmenting new opportunities by product category and territory. As part of this strategy, we opened an office in Hong Kong in August 2012, which has successfully completed multiple sponsorship contracts. This is in addition to our London and Manchester offices.

- ***Further develop our retail, merchandising, apparel & product licensing business:*** Prior to the end of July 2015, all of our retail, merchandising, apparel & product licensing business was managed by Nike. Currently, we have a 10-year agreement with adidas with respect to our global technical sponsorship and dual-branded licensing rights, which began on 1 August 2015. The agreement with adidas does not include the rights with respect to mono-branded licensing rights or the right to create and operate Manchester United branded soccer schools, physical retail channels and e-commerce retail channels. These are business areas that were previously operated by Nike and the reversion of these rights to Manchester United provides us with increased commercial opportunities and control. In the future, we plan to invest to expand our portfolio of product licensees to enhance the range of product offerings available to our followers. Additionally, we may also seek to refine how we segment the different elements of this business. We may also increase our focus on developing these rights more proactively, alone or with other partners.
- ***Continue to invest in our team, facilities and other brand enhancing initiatives.*** Dating back to our first league championship in 1908 through present day, where we have earned a record number of English League titles, we have enjoyed a rich tradition of football excellence. We believe our many years of on field success coupled with an iconic stadium and high level of fan engagement has driven our leading global brand. We are well positioned to continue reinvesting our free cash flow in brand enhancing initiatives. Our brand begins with strong on-field performance, and we remain committed to attracting and retaining the highest quality players for our first team and coaching staff. To maintain our high standard of performance we anticipate a higher level of net player capital expenditures and player wages to retain talent and enhance the caliber of our team in the near term. We will also continue to invest in our facilities, including the Old Trafford Stadium, to maintain the quality of service, enhance the fan experience and drive their high level of engagement and loyalty. We have undertaken several recent initiatives at Old Trafford to enhance our Matchday revenue, profitability and the fan experience including restructuring the composition of our stadium, with a particular emphasis on developing premium seating and hospitality facilities. Our commitment to the fan experience has resulted in strong fan loyalty with over two million in annual attendance and 99% average attendance for all of our Premier League Games since the 1997/98 season. Furthermore, we continue to invest in several other areas including our mobile & content assets and emerging markets to grow our global fan base and increase our ability to engage with our fans in multiple ways. We remain committed to investing in our team, our facilities and other initiatives to continue our many years of success and enhance our brand globally. We expect these initiatives will continue to be key drivers of our sales, profit and leading brand recognition going forward.
- ***Exploit mobile & content opportunities.*** The rapid shift of media consumption towards internet, mobile and social media platforms presents us with multiple growth opportunities and new revenue streams. Our digital media platforms, such as mobile sites, applications and social media, are expected to become one of the primary methods by which we engage and transact with our followers around the world. We continue to evolve our media team's capability to address these opportunities. In January 2013, we also acquired the remaining one-third stake in MUTV. Together these actions help to ensure that we have both a greater degree of control over the production, distribution and quality of our proprietary content and better insight into how to

evolve our mobile & content strategy as we continue to develop and roll out carefully targeted new products and services

In addition to developing our own digital properties, we intend to leverage third party media platforms and other social media as a means of further engaging with our followers and creating a source of traffic for our digital media assets. Our mobile & content offerings are in the early stages of development and present opportunities for future growth. We believe we have the opportunity to further leverage our extensive CRM database, which includes over 43.7 million CRM records, our more than 69.8 million Facebook connections and more than 8 million Twitter account followers. We plan to implement a carefully considered strategy to target these individuals as part of our overall digital media rollout plan.

- ***Enhance the reach and distribution of our broadcasting rights*** We are well-positioned to benefit from the increased value and the growth in distribution associated with the Premier League, the Champions League and other competitions. In February 2015, the Premier League announced a new UK television rights contract with Sky Sports and BT Sport worth £5.136 billion for the three seasons commencing with the 2016/17 season for its live domestic rights. The deal marked a significant increase of over 70% on the current contract and represents the largest UK TV rights deal ever signed. Coming on the heels of the current deal, which also represented an increase of over 60% on the rights for the three seasons commencing with the 2010/11 season, we believe this affirms the increasing demand for live sports and football in particular. Unlike other television programming, the unpredictable outcomes of live sports ensures that individuals consume sports programming in real time and in full, resulting in higher audiences and increased interest from television broadcasters and advertisers.

Furthermore, MUTV, our global broadcasting platform, delivers Manchester United programming to over 56 countries and territories around the world. We plan to continue to expand the distribution of MUTV supported by improving the quality of its content and its production capabilities.

- ***Diversify revenue and improve margins*** We aim to increase the revenue and operating margins of our business as we further expand our high growth commercial businesses, including sponsorship, retail, merchandising, licensing and mobile & content.

Our Market Opportunity

We believe that we are one of the world's most recognizable global brands with a community of 659 million followers. Manchester United is at the forefront of live football, which is a key component of the global sports market.

Other markets driving our business include the global advertising market, the global pay television market and the global apparel market.

While our business represents only a small portion of our addressable markets and may not grow at a corresponding rate, we believe our global reach and access to emerging markets position us for continued growth.

Our Team's History

Founded in 1878 as Newton Heath L&YR Football Club, our club has operated for over 138 years. The team first entered the English First Division, then the highest league in English football, for the start of the 1892-93 season. Our club name changed to Manchester United Football Club in 1902, and we won the first of our 20 English League titles in 1908. In 1910, we moved to Old Trafford, our current stadium.

In the late 1940s, we returned to on-field success, winning the FA Cup in 1948 and finishing within the top four league positions during each of the first five seasons immediately following the Second World War. During the 1950s, we continued our on-field success under the leadership of manager Sir Matt Busby, who built a popular and famous team based on youth players known as the “Busby Babes.”

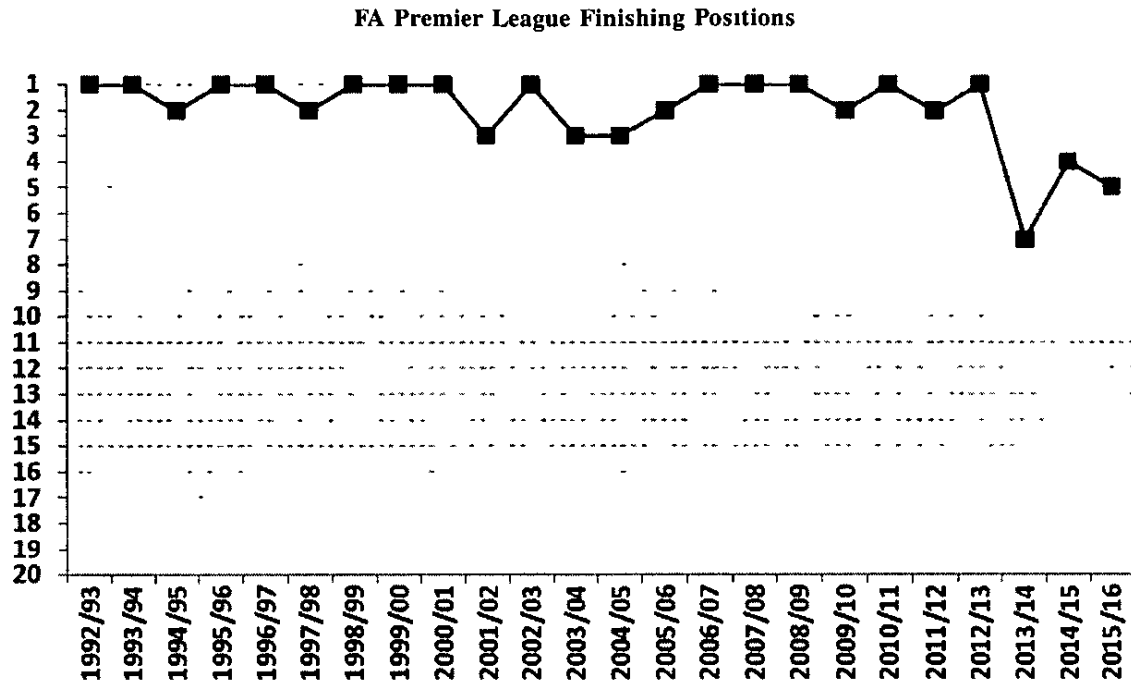
In February 1958, an airplane crash resulted in the death of eight of our first team players. Global support and tributes followed this disaster as Busby galvanized the team around such popular players as George Best, Bobby Charlton and Denis Law. Rebuilding of the club culminated with a victory in the 1968 European Cup final, becoming the first English club to win this title.

This storied history preceded the highly successful modern era of Manchester United which began in earnest in 1986 when the club appointed Sir Alex Ferguson as manager. In 1990, we won the FA Cup and began a period of success that has continued until the present day. Since 1992, we have won the Premier League 13 times. In total, we have won a record 20 English League titles, 12 FA Cups, 4 EFL Cups, 3 European Champions Cups and 1 FIFA Club World Cup, making us one of the most successful clubs in England. At the end of the 2012/13 season, Sir Alex Ferguson retired as team manager. Sir Alex remains a key member of the club as he is a director of Manchester United FC. More recently, Louis van Gaal was manager for the 2014/15 and 2015/16 seasons, winning the FA Cup in the 2015/16 season.

On 27 May 2016, we announced Jose Mourinho as the new team manager of Manchester United under a three-year contract. Jose Mourinho has managed at the top level of European football for over a decade and in that time has won league titles and cups in four countries (Portugal, England, Italy and Spain) as well as winning the UEFA Champions League twice—in 2004 with FC Porto and in 2010 with Inter Milan.

Since the inception of the Premier League in 1992, our club has enjoyed consistent success and growth with popular players such as Eric Cantona, David Beckham, Ryan Giggs, Paul Scholes, Bryan Robson, Cristiano Ronaldo and Wayne Rooney. The popularity of these players, our distinguished tradition and history, and the on-field success of our first team have allowed us to expand the club into a global brand with an international follower base.

The following graph shows the success of our first team in the Premier League over the last 24 seasons



Our Old Trafford stadium, commonly known as “The Theatre of Dreams,” was originally opened on 19 February 1910 with a capacity of approximately 80,000. During the Second World War, Old Trafford was used by the military as a depot, and on 11 March 1941 was heavily damaged by a German bombing raid. The stadium was rebuilt following the war and reopened on 24 August 1949. The addition of floodlighting, permitting evening matches, was completed in 1957 and a project to cover the stands with roofs was completed in 1959. After a series of additions during the 1960s, 1970s and early 1980s, capacity at Old Trafford reached 56,385 in 1985. The conversion of the stadium to an all-seater reduced capacity to approximately 44,000 by 1992, the lowest in its history. Thereafter, we began to expand capacity throughout the stadium, bringing capacity to approximately 58,000 by 1996, approximately 68,000 by 2000, and approximately 76,000 in 2006. Current capacity at Old Trafford is 75,643.

The following chart shows the historical success of our first team by trophies won

TROPHIES WON

FA Premier League/Football League Division One				FA Charity/Community Shield			
1908	1965	1997	2007	1908	1967	1996	2011
1911	1967	1999	2008	1911	1977	1997	2013
1952	1993	2000	2009	1952	1983	2003	2016
1956	1994	2001	2011	1956	1990	2007	
1957	1996	2003	2013	1957	1993	2008	
				1965	1994	2010	
FA Cup				EFL/Football League Cup			
1909	1977	1990	1999	1992	2006	2009	2010
1948	1983	1994	2004				
1963	1985	1996	2016				
FIFA Club World Cup				European Cup/Champions League			
	2008			1968	1999	2008	
European Cup Winners' Cup				UEFA Super Cup			
	1991				1991		
				Intercontinental Cup			
					1999		

Industry Overview

Football is one of the most popular spectator sports on Earth and global follower interest has enabled the sport to commercialize its activities through sponsorship, retail, merchandising, apparel & product licensing, mobile & content, broadcasting, and matchday. As a consequence, football constitutes a significant portion of the overall global sports industry, according to AT Kearney.

Football's growth and increasing popularity is primarily a product of consumer demand for and interest in live sports, whether viewed in person at the venue or through television and digital media. The sport's revenue growth has been driven by the appetite among consumers, advertisers and media distributors for access to and association with these live sports events, in particular those featuring globally recognized teams.

The major football leagues and clubs in England, Germany, Spain, Italy and France have established themselves as the leading global entities due to their history as well as their highly developed television and advertising markets, according to AT Kearney. The combination of historical success and media development in the core European markets has helped to drive revenue, which in turn enables those leagues to attract the best players in the world, further strengthening their appeal to followers.

As television and digital media such as broadband internet and mobile extend their reach globally, the availability of and access to live games and other content of the leading European leagues has increased and live games are now viewed worldwide. In addition, advances in new technology continue to both improve the television and digital media user experience and the effectiveness of sponsorships and advertising on these platforms. These trends further strengthen the commercial benefit of associating with football for media distributors and advertisers and increase the global opportunities for the sport.

League Structure

Manchester United is a member of the English Premier League, the top league in the UK and perennially one of the elite leagues in the world

The Premier League is a private company wholly owned by its 20 member clubs, with responsibility for the competition, its Rule Book, the centralized broadcasting rights and other commercial rights. The Premier League works proactively with the member clubs and other football authorities domestically and internationally including the Football Association, UEFA and FIFA. Each member club is an independent shareholder of the Premier League and works within the rules of football defined by the various governing bodies.

Governing Bodies

Manchester United operates under three different levels of governing bodies, ranging from worldwide to continental to national jurisdiction.

FIFA is the international governing body of football around the world. Headquartered in Zurich, Switzerland, FIFA is responsible for the regulation, promotion and development of football worldwide. All football played at any level must abide by the Laws of the Game, as set forth by FIFA. FIFA's rules and regulations are decided by the International Football Association Board ("IFAB") and reviewed on an annual basis. FIFA also sets the international fixture calendar which, along with European and domestic cup dates, takes precedence over the domestic football league.

UEFA is a competition organizer and is responsible for the organization and regulation of cross-border football in Europe. UEFA is primarily known for its European club competitions, the Champions League and the Europa League. Currently the Premier League gets four teams into the Champions League and another three into the Europa League. The representative structures for UEFA are primarily national association-based with the FA representing English football on numerous committees.

The FA is the national governing body for football in England and is responsible for sanctioning competition Rule Books, including the Premier League's, and regulating on-field matters. The FA also organizes the FA Cup competition, in which the 20 Premier League member clubs participate. The FA is a special shareholder of the Premier League that has the ability to exercise a vote on certain specific issues, but has no role in the day-to-day running of the league. Each year the Premier League submits its rules to the FA for approval and sanction. For the Premier League, the FA ensures that throughout the season the Laws of the Game are applied on the field by officials, clubs and players including on- and off-field discipline. The FA is also involved in refereeing, youth development and the UK's largest sports charity, the Football Foundation.

Our Football Operations

Our football operations are primarily comprised of the following activities: our first team, our reserve team, our youth academy, our global scouting networks and other operations such as our sport science, medical and fitness operations at the Aon Training Complex.

First team

Our first team plays professional football in the Premier League, domestic cup competitions in England including the FA Cup and EFL Cup and, subject to qualifying, international cup competitions, including the Champions League.

Our first team is led by our manager, supported by an assistant team manager and a club secretary, who in turn are supported by a team of over 90 individuals, including coaches and scouts for

both our first team and youth academy, medical and physiotherapy staff, sports science and performance and match analysis staff

We have 59 players under contract of whom 36 have made an appearance for our first team. The remaining players may play for the reserve team or youth academy teams but are being developed such that they may make it to a starting position on our first team or the first team of other clubs. This structure has been put in place with the aim of developing some of the world's best football players and maximizing our first team's chances of winning games, leagues and tournaments.

Domestic transfers of players between football clubs are governed by the Premier League Rules and the FA Rules, which allow a professional player to enter into a contract with and be registered to play for any club, and to receive a signing-on fee in connection with such contract. Players are permitted to move to another club during the term of their contract if both clubs agree on such transfer. In such circumstances a compensation fee may be payable by the transferee club. FIFA Regulations on the Status and Transfer of Players (the "FIFA Regulations") govern international transfers of players between clubs and may require the transferee club to distribute 5% of any compensation fee to the clubs that trained the relevant player. The transferor club in an international transfer may also be entitled to receive payment of "training compensation" under the FIFA Regulations when certain conditions are met. If an out-of-contract player (i.e., a player whose contract with a club has expired or has been terminated) wishes to play for another club, the player's former club will only be entitled to a compensation fee in a domestic transfer, or a payment of training compensation under the FIFA Regulations in an international transfer, if certain conditions are satisfied, including conditions regarding the player's age and requiring the former club to offer the player a new contract on terms which are no less favorable than his current contract. Subject to limited exceptions, transfers of professional players may only take place during one of the "transfer windows," which for the Premier League is the month of January and the period beginning on the day following the last Premier League match of the season and ending on 31 August (or the following Monday if the 31 August falls on a weekend or the following day if 31 August is a bank holiday in the UK) of that year.

Our players enter into contracts with us that follow a prescribed model based on Football Association Premier League Limited rules. Players on our first team typically also enter into an image rights agreement with us, which grants us enhanced rights and protections with respect to use of their image. Our first team players generally enter into contracts of between two and five years' duration.

As of 2 September 2016, our first team(1) was comprised of the following players

<u>Player</u>	<u>Position</u>	<u>Nationality</u>	<u>Age</u>	<u>Apps(2)</u>	<u>Caps(3)</u>
David de Gea	Goalkeeper	Spanish	25	228	13
Sergio Romero	Goalkeeper	Argentinian	29	10	79
Sam Johnstone	Goalkeeper	English	23	0	0
Eric Bailly	Defender	Ivorian	22	4	15
Daley Blind	Defender	Dutch	26	89	36
Cameron Borthwick-Jackson(4)	Defender	English	19	14	0
Matteo Darmian	Defender	Italian	26	39	26
Phil Jones	Defender	English	24	141	20
Regan Poole	Defender	Welsh	18	1	0
Joe Riley	Defender	English	19	2	0
Marcos Rojo	Defender	Argentinian	26	55	49
Luke Shaw	Defender	English	21	32	6
Chris Smalling	Defender	English	26	209	29
Guillermo Varela(4)	Defender	Uruguayan	24	11	0
Michael Carrick	Midfielder	English	35	422	34
Marouane Fellaini	Midfielder	Belgian	28	90	71
Tomothy Fosu-Mensah	Midfielder	Dutch	18	10	0
Ander Herrera	Midfielder	Spanish	27	75	0
Adnan Januzaj(4)	Midfielder	Belgian	21	63	6
Jesse Lingard	Midfielder	English	23	42	0
Juan Mata	Midfielder	Spanish	28	108	40
Henrikh Mkhitaryan	Midfielder	Armenian	27	4	59
Andreas Pereira(4)	Midfielder	Belgian	20	3	0
Paul Pogba	Midfielder	French	23	4	38
Morgan Schneiderlin	Midfielder	French	26	41	15
Antonio Valencia	Midfielder	Ecuadorian	31	252	84
Ashley Young	Midfielder	English	31	141	30
Memphis Depay	Forward	Dutch	22	46	24
Zlatan Ibrahimovic	Forward	Swedish	34	4	116
Anthony Martial	Forward	French	20	53	12
Marcus Rashford	Forward	English	18	20	3
Wayne Rooney	Forward	English	30	528	115
James Wilson(4)	Forward	English	20	20	0

(1) The table includes all first-team players

(2) Apps means appearances for our first team through 2 September 2016

(3) Caps means appearances for senior national football team through 2 September 2016

(4) Currently out on loan at other clubs

Youth academy

Our youth academy is a rich source of new talent for our first team as well as a means of developing players that may be sold to generate transfer income. The aim of our youth academy is to create a flow of talent from the youth teams up to our first team, thereby saving us the expense of purchasing those players in the transfer market. Players in our youth academy and reserve teams may be loaned to other clubs in order to develop and gain first team experience with those other clubs and enhance their transfer value. Players from our youth academy who do not make it into our first team

frequently achieve a place at another professional football club, thereby generating income from player loans and transfer fees

Our youth academy program consists of 11 junior teams ranging from under 9s to under 18s. Each team consists of 15 to 23 players, each of whom is assessed during the season.

Scouting network

Together with our youth academy, our scouting system is another source of our football talent. Through our scouting system, we recruit players for both our first team and youth academy. Our scouting system consists of a professional network of staff who scout in general and for specific positions and age groups.

Our scouting system was traditionally oriented towards the United Kingdom, but our focus has increasingly shifted toward a more international approach in order to identify and attract football players from the broadest talent pool possible.

Training facilities

We have invested significant resources into developing a performance center which contains advanced sports and science equipment. We have highly experienced training staff working at the performance center, where we provide physiotherapy, bio-mechanical analysis and nutritional guidance to our players as part of our drive to ensure that each player is able to achieve peak physical condition. We believe the quality of our performance center differentiates our club from many of our competitors.

We spent approximately £2.3 million in the year ended 30 June 2016 in connection with further updating our training facility, the Aon Training Complex.

Revenue Sectors

Commercial

Within the Commercial revenue sector, we monetize our brand via three revenue streams: sponsorship, retail, merchandising, apparel & product licensing, and mobile & content. The primary source of revenue in this sector comes from sponsorship, which allows highly diverse and global companies to partner with Manchester United, regionally or internationally, in order to realize sponsorship benefits and associate themselves with our brand.

Sponsorship

Our sponsorship agreements are negotiated directly by our commercial team. Our sponsors are granted various rights, which can include:

- rights in respect of our brand, logo and other intellectual property,
- rights in respect of our player and manager imagery,
- exposure on our television platform, MUTV,
- exposure on our website,
- exposure on digital perimeter advertising boards at Old Trafford,
- exposure on interview backdrops, and
- the right to administer promotions targeted at customers whose details are stored on our CRM database.

Any use of our intellectual property rights by sponsors is under license. However, we retain the ownership rights in our intellectual property.

Sponsorship development and strategy

We pursue our global and regional sponsorship deals through a developed infrastructure for commercial activities. We have a dedicated sales team, recruited from three continents, located in Europe that focuses on developing commercial opportunities and sourcing new sponsors. We target potential sponsors we believe will benefit from association with our brand and have the necessary financial resources to support an integrated marketing relationship. By cultivating strong relationships with our sponsors, we generate significant revenue and leverage our sponsors co-branded marketing strategies to further grow our brand. We are successful in executing a geographic and product categorized approach to selling our sponsorship rights.

We offer category exclusivity on a global basis to companies within particular industries, such as airline, beverage, logistics and watches. We also offer sponsorship exclusivity within a particular geography for certain industries, such as motorcycles, soft drinks and tires.

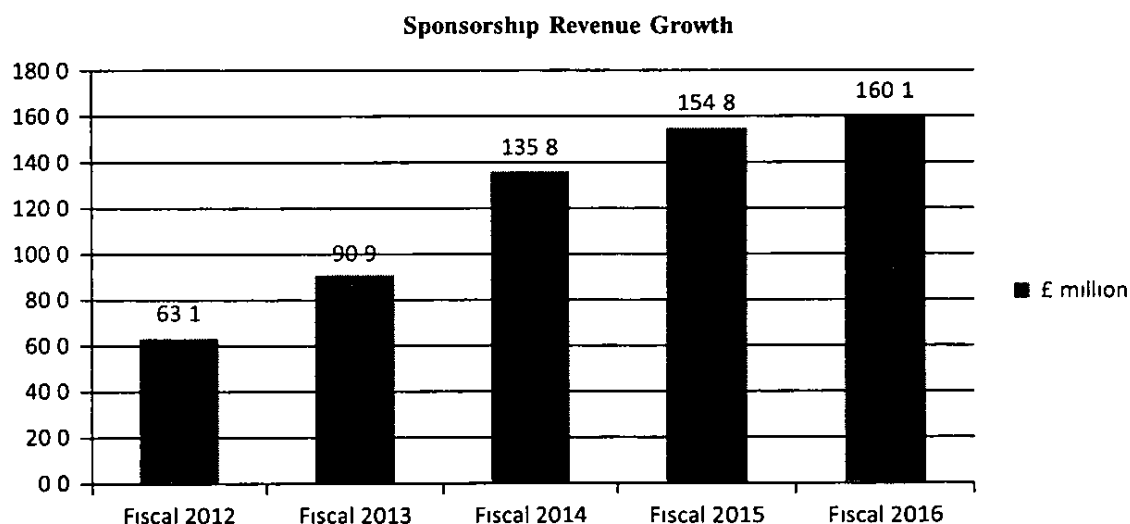
In seeking any individual partnership, we aim to establish an indicative value for that sponsorship based on the prospective sponsor's industry and marketing objectives. We will only pursue a sponsorship if we believe it reflects the value we deliver.

We believe that certain key sectors play an active role in sports sponsorship. We have sponsors in a number of these sectors and we believe that there is significant potential to expand this platform by selectively targeting companies within the remaining sectors and by growing revenue in existing sectors through additional sponsorship arrangements.

We intend to continue to grow our sponsorship portfolio by developing and expanding our geographic and product category segmented approach, which will include partnering with additional global and regional sponsors. Emerging markets such as Asia, which we expect to be a key focus for many of our prospective sponsors, are an important element of our sponsorship efforts.

Our current sponsors

The following graph shows our annual sponsorship revenue for each of the last five fiscal years.



Note: Sponsorship revenue does not include revenue generated from our agreement with Nike, which was in effect through the end of July 2015.

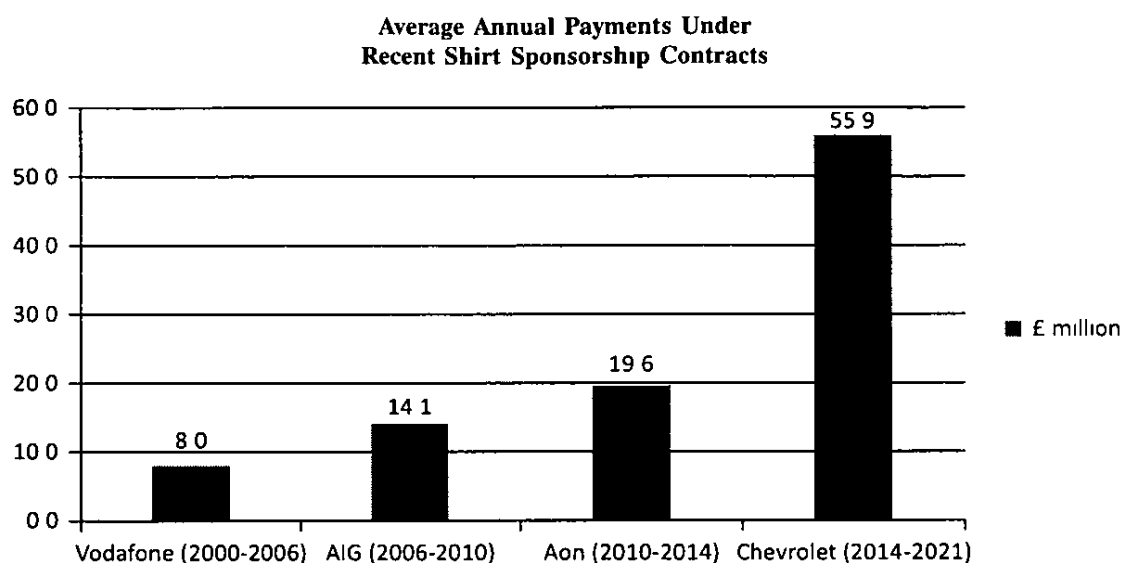
The table below highlights some of our global and regional sponsors as of 1 July 2016

<u>Sponsor</u>	<u>Type of sponsorship</u>	<u>Product category</u>
20 th Century Fox	Global sponsor	Feature Film
Abengoa	Global sponsor	Sustainable Technology
adidas	Global sponsor	Sports apparel/footwear
Aeroflot	Global sponsor	Airline
Aon	Global sponsor	Insurance
Aperol Spritz	Global sponsor	Spirits
Apollo Tyres	Global sponsor	Tyres
Concha y Toro	Global sponsor	Wine
DHL	Global sponsor	Logistics
Electronic Arts	Global sponsor	Computer Games
Epson	Global sponsor	Printing
General Motors (Chevrolet)	Global sponsor	Shirt (Automotive)
Gulf Oil International	Global sponsor	Lubricant Oil and Fuel Retail
HCL	Global sponsor	Digital Transformation
Kansai Paint	Global sponsor	Paint
Marathonbet	Global sponsor	Betting
Nissin Foods Group	Global sponsor	Noodles
Swissquote	Global sponsor	Forex & Online Trading Services
Toshiba Medical Systems	Global sponsor	Medical Systems
Yanmar	Global sponsor	Diesel Engines
Aland	Regional sponsor	Vitamins
CHI	Regional sponsor	Soft Drinks
Cho-A Pharm	Regional sponsor	Dietary Supplements
Donaco	Regional sponsor	Casino Resort
EuroFood	Regional sponsor	Confectionary
Hong Kong Jockey Club	Regional sponsor	Jockey Club
IVC	Regional sponsor	Wellness Products
Manda	Regional sponsor	Nutritional Supplements
Nexon	Regional sponsor	Social Football Gaming
You-C1000	Regional sponsor	Soft Drinks

Shirt sponsor

Our current shirt sponsor is General Motors (Chevrolet). The shirt sponsorship agreement began in the 2014/15 season and runs through to the end of the 2020/21 season, with total fees payable of approximately \$559 million. We received approximately \$18.6 million in each of the 2012/13 and 2013/14 seasons relating to pre-sponsorship support and exposure, with the remaining \$521.8 million to be received and recognized over seven years through to the end of the 2020/21 season. The shirt sponsorship agreement gives each party typical termination rights for a contract of this nature in respect of a material breach.

The following chart shows the dramatic growth in shirt sponsorships revenue since 2000



Note The Aon and Chevrolet shirt sponsorship agreements do not include sponsorship rights for our training kit. The Chevrolet annual payment does not include pre-sponsorship payments and assumes a £ \$ exchange rate of 1.3332 as of 30 June 2016.

Training facilities partner and training kit partner

Our training facilities at Carrington are sponsored by Aon and are named the Aon Training Complex. Aon are also our training kit partner, and our agreement with them provides that our players and coaching staff wear adidas-branded training kits with Aon advertising at all domestic matches, as well as during training sessions. Under the agreement, Aon are also the presenting partner of all pre-season tours. The agreement with Aon runs through to the end of the 2020/21 season.

Affinity insurance partner

We are in the seventh season of an affinity insurance agreement with Aon that covers the insurance category of our financial services affinity program. The original agreement was entered into on 27 May 2009 and, on 21 December 2012, was extended through to the 2020/21 season. The agreement, as amended, guarantees a minimum of approximately £28.8 million in payments to the club, with a minimum payment of £3.2 million due each fiscal year. The agreement gives each party typical termination rights for a contract of this nature in respect of a material breach.

Global, regional and supplier sponsors

In addition to revenue from our shirt sponsor, training kit partner, training facilities partner and affinity insurance partner, we generated a further £83.4 million in the year ended 30 June 2016 from other global, regional and other sponsors. The length of these sponsorship deals is generally between two and five years. The majority of these sponsorship deals have minimum revenue guarantees and some have additional revenue sharing arrangements.

Global sponsors are granted certain marketing and promotion rights with respect to our brand and intellectual property as well as exposure on our media, such as digital perimeter boards at Old Trafford,

MUTV and our website. These rights are granted on a global basis and are exclusive by category. Regional sponsors are granted certain marketing and promotion rights and media exposure, however, these rights are granted for a limited number of territories. Regional sponsors are able to use the rights in their designated territory on an exclusive basis, however they are not granted global category exclusivity.

Financial services affinity sponsorship

There is a significant growth opportunity to further develop Manchester United branded financial services products. These financial services products include credit cards and debit cards. We believe there are key commercial opportunities with credit and debit cards, which are particularly attractive as credit and debit cards also serve as a means of follower expression and loyalty. Depending on the product category, we pursue affinity agreements on a territory specific or regional basis. Examples of our financial services affinity sponsors include Maybank (Malaysia), Shinsei Bank (Japan), Santander (Norway), Denizbank (Turkey), Danamon (Indonesia), and BIDV (Vietnam).

Exhibition games and promotional tours

We conduct exhibition games and promotional tours on a global basis. Our promotional tours enable us to engage with our followers, support the marketing objectives of our sponsors and extend the reach of our brand in strategic markets. These promotional tours are in addition to our competitive matches and take place during the summer months or during gaps in the football season. Over the last 6 years, we played 29 exhibition games in Australia, China, Germany, Hong Kong, Ireland, Japan, Norway, South Africa, Sweden, Thailand and the United States, where in 2014, we set a U.S. attendance record for a football match with 109,318 fans at Michigan stadium.

We normally receive a share of the ticket revenue as well as license fees for the television broadcast and digital media distribution of each exhibition game. We also generate revenue from tour sponsorship opportunities sold to existing and new partners. During the 2015/16 season, our promotional exhibition games and promotional tours generated £9.5 million of revenue (excluding any related sponsorship revenue). We believe promotional tours represent a growth opportunity as we continue to play exhibition games around the world.

Commercial income from the Premier League

In addition to revenue from contracts that we negotiate ourselves, we receive revenue from commercial arrangements negotiated collectively by the Premier League on behalf of its member teams. Income from these commercial contracts negotiated by the Premier League is shared equally between the clubs that are to be in the Premier League for the season to which the income relates. Our pro rata income received from the other commercial contracts negotiated by the Premier League is not material to the Company's results of operations.

Retail, Merchandising, Apparel & Product Licensing

Unlike American teams in the NFL, MLB and NHL, Manchester United retains full control of the use and monetization of its intellectual property rights worldwide in the areas of retail, merchandising, apparel & product licensing.

Our retail, merchandising, apparel & product licensing business includes the sale of sports apparel, training and leisure wear and other clothing featuring the Manchester United brand as well as other licensed products from coffee mugs to bedspreads. These products are distributed on a global basis through Manchester United branded retail stores and e-commerce platform, as well as through our partners' wholesale distribution channels.

We have a 10-year agreement with adidas with respect to our global technical sponsorship and dual-branded licensing rights, which began on 1 August 2015. The minimum guarantee payable by adidas over the term of the agreement is equal to £750 million, subject to certain adjustments. Payments due in a particular year may increase if our first team wins the Premier League, FA Cup or Champions League, or decrease if our first team fails to participate in the Champions League for two or more consecutive seasons starting with the 2015/16 season, with the maximum possible increase being £4 million per year and the maximum possible reduction being 30% of the applicable payment for that year. If the first team fails to participate in the Champions League for two or more consecutive seasons, then the reduction is applied as from the year in which the second consecutive season of non-participation falls. In the event of a reduction in any year due to the failure to participate in the Champions League for two or more consecutive seasons, the payments revert back to the original terms upon the first team participating again in the Champions League. Any increase or decrease in a particular year would have the effect of increasing or decreasing the minimum guarantee amount of £750 million payable over the 10-year term of the agreement.

The minimum guarantee from adidas does not include the rights with respect to mono-branded licensing rights or the right to create and operate Manchester United branded soccer schools, physical retail channels and e-commerce retail channels, which rights may generate additional revenue for the club. We may also benefit from additional royalty payments upon exceeding a threshold of sales.

The agreement with adidas is subject to reciprocal termination provisions in respect of material breach and insolvency. adidas may reduce the applicable payments for a year by 50% if the first team is not participating in the English Premier League during that year. In addition, adidas may terminate the agreement by giving one full-season's notice if the first team is relegated from the English Premier League or if it is otherwise determined that the first team shall not be participating in the Premier League or the top English league.

Retail

In addition to our flagship retail store at Old Trafford (which we operate ourselves), we have Manchester United branded retail locations in Macau and Thailand (which are operated by third party licensees). We have recently appointed a Head of US Retail to explore possible retail opportunities in the US market.

Merchandising & product licensing

Following the transfer of the product licensing business back to us from Nike, which became effective on 1 August 2015, we have conducted a strategic review of the licensing portfolio. This review has led to many deals not being renewed at expiry, as we seek to maximize revenue over a longer period. The licensees that are being extended produce a wide range of Manchester United products which are highly sought after by our followers around the world. Under our product licensing agreements, we will receive royalties from the sales of specific Manchester United branded products. Under some product licensing agreements, we will receive a minimum guaranteed payment from the licensee. The majority of licensees will be granted on a non-exclusive rights basis for specific product categories, within a specific country or geographic region.

Wholesale apparel—replica uniforms, training wear

The Manchester United jersey and training wear are completely redesigned for each season. The annual launch of the new jersey is always a much-anticipated day for our global community of followers. The result is a robust wholesale apparel business.

E-commerce

We currently have an arrangement whereby Fanatics is granted a license to use our brand and/or trademarks to operate the official online store, branded as “United Direct.” The online store sells a range of Manchester United branded merchandise including official replica kit and other clothing from adidas. In addition, the online store offers a broad range of other apparel, equipment such as balls, luggage and other accessories, homewares such as bedroom, kitchen and bathroom accessories, and collectibles, souvenirs and other gifts. We currently receive a percentage of net sales from the online store as a royalty payment.

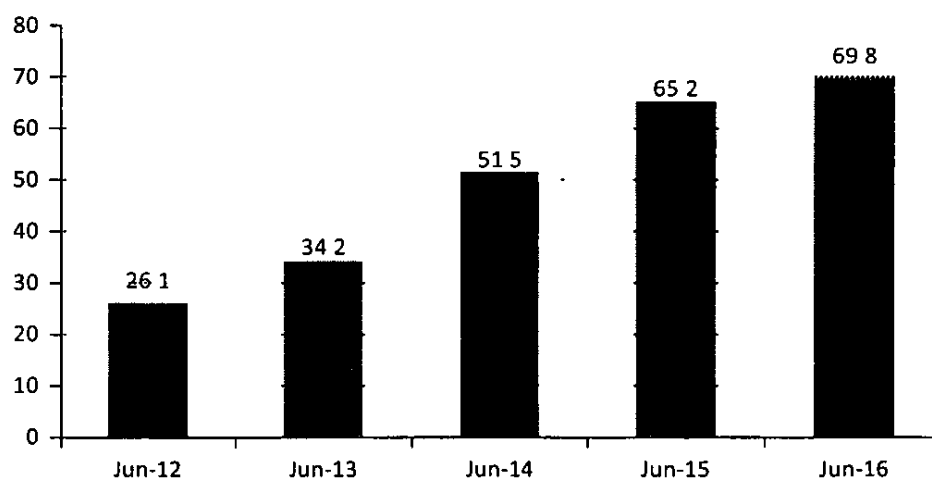
We believe there is a significant opportunity for us to expand our e-commerce capabilities through improved leverage of our digital media platform, and focusing on delivering a tailored digital shopping experience at a regional level. Specifically, we intend to improve our ability to offer targeted merchandise to our followers, complemented by more efficient fulfilment mechanics, including product delivery, availability and payment methods.

Mobile & Content

Digital media

Due to the power of our brand and the quality of our content, we have formed mobile telecom partnerships in numerous countries. Our website, www.manutd.com, is published in 7 languages and over fiscal year 2016 attracted an average of approximately 34.3 million page views per month. We use our website, which incorporates e-commerce services, to communicate with our followers, promote the Manchester United brand and provide a platform for our sponsors to reach our global audience.

We believe our 659 million global followers put us in prime position to capitalize on social media outlets to further our brand. A portion of this following has already taken to social media, as our Facebook page had over 69.8 million connections and over one billion interactions as of 30 June 2016 and is one of the most highly followed and user engaged brand pages. The following graph shows the growth in the number of Facebook connections since June 2012 (in millions).



Our historical growth in Facebook connections does not guarantee that we will achieve comparable growth in Facebook connections in the future.

The proliferation of digital television, broadband internet, smartphones, mobile applications and social media globally provides our business with many opportunities to extend the reach of our content.

Specifically, we intend to use our digital media platforms to generate value through extended sponsor positioning, driving e-commerce, and direct-to-consumer opportunities, including selling premium services such as international digital memberships, video and exclusive content subscriptions. We will also continue to leverage our digital media platform to generate customer data and information as well as follower profiles of commercial value to us, our sponsors and our media partners. We believe that in the future, digital media will be one of the primary means through which we engage and interact with our follower base.

Content and localization

Our digital media properties are an increasingly important means through which we engage with our international fan base. In the United Kingdom, coverage of Manchester United and the Premier League is prevalent in print, television and digital media. We believe we face less competition in international markets for Manchester United coverage and can therefore attract and retain a greater portion of our followers to our own digital media offering. To take advantage of that opportunity, we will increasingly seek to develop additional premium and exclusive content to enhance the proposition for our followers, members and paid subscribers around the world. Our followers generally prefer to consume our content in their language and context. We believe we can effectively deliver tailored services to our followers globally through various language offerings, geographic targeting and personalized content. We currently have international language websites in English, Spanish, French, Arabic, Mandarin Chinese, Korean and Japanese, which enable us to engage with our followers in their native language.

Mobile services and applications

We currently offer digital content to mobile devices under our “MU Mobile” brand, and have developed a mobile “Club App” that is currently available in 26 territories with over 1 million downloads to date. The Club App has been developed to support a ‘test and learn’ strategy that enables us to optimize the development of future products, with a focus on tracking the consumption of different features and content types.

We have entered into regional agreements with mobile operators to whom we grant rights to operate our “MU Mobile” service in numerous countries. These rights include the permission to deliver Manchester United content to customers on a territory-exclusive basis and certain intellectual property rights to market and promote the service in the relevant region. The content provided includes highlight clips, match and news text alerts, ringtones and wallpapers. Our mobile and telecommunications partners operate the service on a geographically exclusive basis and use our intellectual property to drive awareness of their brands and product offerings. These partnerships are based on contracts lasting from two to five years.

There has been a significant increase in the prevalence of broadband mobile and video-enabled mobile devices in recent years. Mobile devices running the iOS or Android operating system enable consumers to browse the internet, watch video, access dedicated applications and conduct e-commerce. As a consequence we are seeing the majority of our followers now accessing our website and digital content via their mobile devices.

We intend to continue developing multi-platform mobile sites and mobile applications that will facilitate access for our followers to our content across a range of devices and carriers in order to meet global demand.

Video on demand

The proliferation of broadband internet and mobile access also allows us to offer video on demand to our followers around the world. Through our website and Club App, we provide video on demand to

our followers in a variety of formats and commercial models. Some video on demand content is free to all users, some content is only accessible upon registration and some content, as in the case of live preseason tour matches, has been available on a pay per view basis.

Going forward, we intend to continue to leverage the strength of our video production assets to generate improved and localized content such as high-definition match highlights, original studio programs and in-depth features on the club's players and history. Depending on the market, we may offer video on demand services via our media partners as part of a comprehensive suite of content rights, as well as on a direct-to-consumer basis.

Social media

With 659 million followers worldwide, we believe there is a significant opportunity to leverage the capabilities of social media platforms to augment our relationships with our followers around the world. By establishing an official presence on these platforms, we believe we will be able to deepen the connections with our follower base and improve our ability to market and sell products and services to our followers.

As of 30 June 2016 we had over 69.8 million connections on our Facebook page, over 8 million followers to our Twitter account and we were active on 18 platforms in over 20 languages. We use our social footprint as a means to communicate news and other updates, engage with our followers, identify active followers, solicit feedback from our users, tailor future digital media offerings and enhance the overall follower experience.

We intend to continue to expand our reach through different social media and mobile chat platforms by launching additional Manchester United branded presences on global platforms as well as regional and language-specific platforms. In the 2015/16 season we added Korean mobile messaging platform KakaoTalk to our existing roster of 18 social media feeds (7 global & 11 localised) and 7 language website versions.

We believe this continuous expansion will enable us to broaden the reach of our brand and the content we produce as well as enhance our engagement with followers in many of our key international and emerging markets.

While there is no guarantee that our social connections will continue to grow at comparable rates in the future, we believe the combination of platforms on which we have an official presence will provide an increasing source of traffic to our club branded digital media services and e-commerce properties, enhance our ability to convert users into customers through international memberships, content subscriptions and e-commerce, and continue to provide extensive positioning opportunities for our partners.

Customer relationship management

One of our ongoing strategic objectives is to further develop our understanding of and deepen the relationships with our followers. We operate a CRM database in order to better understand the size, location, demographics and characteristics of our follower base on an aggregated basis. Our CRM database enables us to more effectively target our product and service offerings such as digital subscription services, merchandise and tickets. A deep understanding of our follower base is also valuable to sponsors and media partners who seek to access specific customer categories with targeted and relevant advertising.

Broadcasting

We benefit from the distribution and broadcasting of live football content directly from the revenue we receive and indirectly through increased global exposure for our commercial partners. Broadcasting revenue is derived from the centrally negotiated domestic and international television and radio rights to the Premier League, the Champions League and other competitions. In addition, our wholly-owned global television channel, MUTV, delivers Manchester United programming to over 56 countries and territories around the world.

The Premier League and UEFA negotiate their own media rights contracts independently of the participating clubs. In respect of the Premier League, media agreements are typically three years in duration and are centrally negotiated and entered into with media distributors by the Premier League on behalf of the member clubs. Under the agreements, broadcasting revenue for each season is typically shared between the clubs that are to be in the Premier League for the season and a part-share for the clubs that were relegated from the Premier League in the previous four seasons. After certain deductions approved by the Premier League (for example, donations to “grass roots” development), the income from the sale of the United Kingdom television rights is allocated to the current and relegated clubs according to a formula based on, among other things, finishing position in the league and the number of live television appearances. Income from the sale of the rights to televise Premier League matches by overseas broadcasters and radio is shared equally between the current clubs and a part-share for the clubs that were relegated from the Premier League in the previous four seasons.

In the Champions League and Europa League, media agreements are also typically three years in duration and are collectively negotiated and entered into by UEFA on behalf of the participating clubs. Each club receives a fixed amount for qualifying for the group stage, an additional amount for each match played, and bonuses based on performance in the group and qualification for the round of 32 (Europa League only), round of 16, quarter-finals and semi-finals. The runner-up and winner of the competition also earn additional amounts. For the current 3-year agreement (which commenced in the 2015/16 season) amounts are distributed to each club as follows:

	Champions League (“UCL”) €million	Europa League (“UEL”) €million
Bonus for group stage participation (UCL—32 teams, UEL—48 teams)	€12 70	€ 2 60
Bonus for each group stage win (maximum 6)	€ 1 50	€ 0 36
Bonus for each group stage draw(1)	€ 0 50	€ 0 12
Bonus for group runners-up	N/A	€ 0 30
Bonus for group winners	N/A	€ 0 60
Bonus for round of 32 participation	N/A	€ 0 50
Bonus for round of 16 participation	€ 6 00	€ 0 75
Bonus for quarter-final participation	€ 6 50	€ 1 00
Bonus for semi-final participation	€ 7 50	€ 1 60
Runner-up bonus (inclusive of ticketing revenue share)	€11 00	€ 3 50
Winner bonus (inclusive of ticketing revenue share)	€15 50	€ 6 50
Maximum total of the above	€57 20	€15 71

(1) In the event of a draw, the non-distributed balance (UCL—€0 5 million, UEL—€0 12 million) will be aggregated and split among the clubs that won matches at the group stage in proportion to the number of matches won.

In addition to the above fixed amounts, each group-stage club receives a share of the market pool which is specific to each country represented in the group-stage reflecting the relative value of its

broadcasting agreements with UEFA. 50% of each country market pool is distributed to its group-stage representatives based on each club's domestic performance in the previous season. For the Champions League this is based on league finishing position. For the Europa League this is based on league finishing position and potentially both domestic cup competitions (the winners of the FA Cup (if participating in the Europa League) earn the highest share).

The remaining 50% of the market pool is distributed as follows:

For the Champions League, based on the number of games played in the current competition relative to teams from the same country. The English market pool for the 2015/16 competition was approximately £124.9 million. This amount can vary from season to season subject to the composition of the 32 clubs taking part in the group stage.

For the Europa League, split across each round of the competition (40% to group stage, 20% to round of 32, 16% to round of 16, 12% to quarter-finals, 8% to semi-finals and 4% to the final) with the revenue being distributed to teams who participate in the relevant round based on the relative value of the country broadcasting rights. The total market pool for the 2016/17 competition is £160 million.

Broadcasting revenue including, in some cases, prize money received by us in respect of various competitions, will vary from year to year as a result of variability in the amount of available prize money and the performance of our first team in such competitions.

MUTV

MUTV is our wholly-owned global television channel and is broadcast in numerous countries. MUTV broadcasts a wide variety of content which is compelling to our global community of followers, including news, game highlights, and exclusive "behind the scenes" coverage of our club.

Depending on the market, we may offer our suite of media rights as a bundle giving exclusive access to one multi-platform media provider or offer MUTV as a single product to television distributors. MUTV features a range of content generated from its own production facilities.

In the United Kingdom, MUTV is offered directly to consumers through the Sky and Virgin Media distribution platforms. Outside the United Kingdom, we offer MUTV through distribution partners as part of a suite of media rights, which can be purchased on a bundled or selective basis and can include certain promotional rights.

MUTV features a range of content, the primary categories of which are:

- highlights from games and other time-delayed game footage, both of which are subject to certain holdback periods under the agreements between media distributors, the participating clubs and the Premier League and UEFA,
- live coverage of promotional tours and exhibition games, and
- lifestyle programming and other "behind the scenes" content profiling the club, our history, our manager and our players.

Matchday

Our stadium, which we fully own, is called Old Trafford and is known as "The Theatre of Dreams." We believe Old Trafford is one of the most famous and historic stadiums in the world. Football followers travel from all over the world to attend a match at Old Trafford, which is the largest football club stadium in the United Kingdom, with a capacity of 75,643. In the 2015/16 season, the club's 29 home games were attended by over 2.1 million people. The stadium has been completely

renovated and has all the modern luxuries of any new stadium, with approximately 8,000 executive club seats, including 154 luxury boxes, 15 restaurants and 4 sports bars

We have one of the highest capacity utilizations among English clubs, with an average attendance for our home Premier League matches of 99% for each season since the 1997/98 season. The substantial majority of our tickets are sold to both general admission and executive season ticket holders, the majority of whom pay for all their tickets in advance of the first game of the season. We also derive revenue from the sale of hospitality packages, food, drinks, event parking and programs on matchdays.

Other Matchday revenue includes matchday catering, event parking, program sales as well as membership and travel, Manchester United Museum revenue and a share of the ticket revenue from away matches in domestic cup competitions. Matchday revenue also includes revenue from other events hosted at Old Trafford, including other sporting events (including football matches as part of the London 2012 Olympic Games and the annual Rugby Super League Grand Final), music concerts and entertainment events.

We operate a membership program. Individuals who become official members have the opportunity to apply for tickets to all home matches. Adult official members pay £32 per season to join the scheme while persons over the age of 65 and under the age of 18 receive a discount. At the end of the 2015/16 season we had over 141,000 members.

The Manchester United Museum is located within Old Trafford. It chronicles Manchester United's 138-year history and houses the club's most precious artifacts and trophies. In 2015/16, we estimate that approximately 306,000 people visited the Manchester United Museum, making it the most visited football club museum in the United Kingdom.

We aim to maximize ticket revenue by enhancing the mix of experiences available at each game and providing a range of options from general admission tickets to multi-seat facilities and hospitality suites. In particular, we have recently increased overall Matchday revenue by restructuring the composition of our stadium, with an emphasis on developing hospitality facilities which sell at a higher price and improve our margins. As part of this effort, we have invested in new and refurbished multi-seat hospitality suites as well as improvements to our single-seat facilities. We expect our enhancements to our hospitality facilities to continue to be a key driver of our profit from Matchday sales going forward.

UEFA Club Licensing and Financial Fair Play Regulations ("FFP regulations")

In 2010, UEFA adopted the FFP regulations, which are intended to ensure the financial self-sufficiency and sustainability of football clubs by discouraging them from continually operating at a loss, introduce more discipline and rationality on club finances, ensure that clubs settle their liabilities on a timely basis and encouraging long term investment in youth development and sporting infrastructure.

The FFP regulations contain a "break-even" rule aimed at encouraging football clubs to operate on the basis of their own revenue. Therefore, owner investments of equity will be allowed only within the acceptable deviation thresholds, as described below. In addition, the FFP regulations provide that football clubs who are granted a UEFA license by their national association, based largely on physical infrastructure and personnel criteria set out by UEFA, and who then qualify for a UEFA competition based on sporting grounds, will then be required to comply with a "monitoring" process. The monitoring process involves the submission of certain financial information (a break-even test and payables analysis) to the Club Financial Control Body ("CFCB"). The CFCB is part of UEFA's Organs for the Administration of Justice and comprises a team of independent financial and legal experts. The CFCB will review financial submissions and decide what sanctions, if any, to apply to non-compliant

clubs. Any appeal must be made directly to the Court of Arbitration for Sport. Potential sanctions for non-compliance with the FFP regulations include a reprimand/warning, withholding of prize money, fines, prohibition on registering new players for UEFA competitions and ultimately exclusion from UEFA competitions.

Ahead of registration for UEFA competitions for the 2016/17 season we submitted our payables analysis and break-even assessment under the FFP regulations, based on our fiscal year 2015 and fiscal year 2014 audited financial statements. The break-even test result was positive i.e. a surplus. The break-even assessment is based on the sum of financial information for the three seasons prior to the competition season. The payables analysis is carried out at 30 June prior to the competition season and is required in respect of payments to other clubs for transfer fees, payments to staff including players and football staff and payments to tax authorities. UEFA has already imposed sanctions on clubs who have breached the Licensing and FFP regulations, ranging from monetary fines, restrictions on wages and first team squad size and limitation on transfer expenditures, to exclusion from UEFA competitions.

With respect to the break-even assessment, a club must demonstrate that its relevant "football" income is equal to or exceeds its "football" expenses. The permitted level of deficit is limited over the three year assessment period to just €5 million, although a larger deficit of up to €30 million is permitted provided it is reduced to the €5 million acceptable deviation by equity contributions from equity participants and/or related parties. Any club which exceeds the €30 million limit will automatically be in breach of the break-even rule, unless it has sufficient surpluses in the two years prior to the assessment period, irrespective of any equity contributions.

The combined net losses of European clubs has fallen by 80% in the four seasons to 2014/15 compared to the three seasons to 2010/11 which would suggest that the UEFA Licensing and Financial Fair Play Regulations are achieving their objectives. However, UEFA has recently announced some changes to the FFP regulations aimed primarily at clubs undergoing a business restructuring. Instead of breaching the FFP regulations and being subject to sanctions, the amended regulations enable clubs to voluntarily approach the CFCB with a business plan which demonstrates how they are going to remedy their short-term breach of FFP regulations and achieve break-even compliance over a four year time period. If the business plan is approved by the CFCB the club would not be subject to sanctions for the restructuring year which results in a breach of the FFP regulations.

We support and operate within the financial fair play regulations, and do not believe it will adversely impact our ability to continue to attract some of the best players in the coming years.

Premier League Short Term Costs Controls ("STCC") and Profitability and Sustainability Regulations

In 2013, the Premier League agreed to adopt STCC and Profitability and Sustainability regulations. The STCC was introduced for an initial period of three seasons ending in 2015/16 but has recently been extended for a further three seasons through the 2018/19 season. For the first three-year cycle, Premier League teams were required to limit annual increases in aggregate player wage costs, compared to the 2012/13 season, to £4 million per season for each of the three seasons, and no more than a £12 million aggregate increase over such period, except if funded by increases in such team's total revenue compared to the 2012/13 season, excluding increases from Premier League broadcasting revenue. For the next three-year cycle, annual player wage cost increases will be limited to £7 million per season, again as compared to the 2012/13 season, except if funded by increases in total revenue from sources other than Premier League broadcasting contracts.

The profitability and sustainability regulations were introduced during the 2015/16 season, implementing a break-even rule similar to the break-even test of the UEFA Club Licensing and Financial Fair Play Regulations and aimed at encouraging Premier League clubs to operate within their

means Potential sanctions for non-compliance with the profitability and sustainability regulations include significant fines, player transfer restrictions and Premier League points deduction

Our first break-even assessment under the Premier League profitability and sustainability regulations was submitted in March 2016, based on our fiscal year 2014 and fiscal year 2015 audited financial statements The break-even test is based on a club's audited pre-tax earnings If the break-even test results are positive, no further action is required until the next break-even test If the initial test is negative, a club is re-tested, using the UEFA definition of "adjusted earnings before tax," which allows credit for depreciation of tangible fixed assets and expenditure on youth development and community programs If these second test results are negative by £15 million or less, no further action is required If a club's losses exceed £15 million but are not more than £105 million, the club's ownership must provide secure funding to avoid sanctions If these results are negative by more than £105 million, regardless of ownership funding, Premier League sanctions will apply Our break-even test result submitted in March 2016 was positive

As with the UEFA Club Licensing and Financial Fair Play Regulations, we support and operate within the Premier League profitability and sustainability regulations, and do not believe it will adversely impact our ability to continue to attract some of the best players in the coming years

Social Responsibility

The Manchester United Foundation

We are committed to a wide-ranging corporate social responsibility program through Manchester United Foundation The charity arm of the club, Manchester United Foundation uses football to engage and inspire young people to build a better life for themselves and unite the communities in which they live Dedicated staff deliver football coaching, educational programs and personal development, providing young people with opportunities to change their lives for the better The Foundation has partnerships with over 20 high schools across Greater Manchester, in which full-time coaches are based to work with the pupils, feeder primary schools and within the local community to build lasting relationships Other initiatives, such as Street Reds evening football provision, girls-only sessions, and disability program, provide free football, alternative activities, qualifications and work experience opportunities to the young people of Greater Manchester The Foundation fulfils all charitable activity for Manchester United, including managing the club's long-term partnership with UNICEF, which operates under the United for UNICEF banner Since the start of the partnership in 1999, Manchester United and UNICEF have had a positive impact on the lives of over 3.4 million children in countries across the globe, most recently in disaster-stricken Bangladesh and Vietnam

Intellectual Property

We consider intellectual property to be important to the operation of our business and critical to driving growth in our Commercial revenue, particularly with respect to sponsorship revenue Certain of our commercial partners have rights to use our intellectual property In order to protect our brand we generally have contractual rights to approve uses of our intellectual property by our commercial partners

We consider our brand to be a key business asset and therefore have a portfolio of Manchester United related registered trademarks and trademark applications, with an emphasis on seeking and maintaining trademark registrations for the words "Manchester United" and the club crest We also actively procure copyright protection and copyright ownership of materials such as literary works, logos, photographic images and audio visual footage

Enforcement of our trademark rights is important in maintaining the value of the Manchester United brand There are numerous instances of third parties infringing our trademarks, for example,

through the manufacture and sale of counterfeit products. While it would be cost-prohibitive to take action in all instances, our aim is to consistently reduce the number of Manchester United related trademark infringements by carrying out coordinated, cost-effective enforcement action on a global basis following investigation of suspected trademark infringements. Enforcement action takes a variety of forms. In the United Kingdom, we work with enforcement authorities such as trading standards and customs authorities to seize counterfeit goods and to stop the activities of unauthorized sellers. Overseas enforcement action is taken by approved lawyers and investigators. Those lawyers and investigators are instructed to work with, where feasible, representatives of other football clubs and brands that are experiencing similar issues within the relevant country in order that our enforcement action costs can be minimized as far as possible. We also work with the Premier League in respect of infringements that affect multiple Premier League clubs, in particular in Asia. We also take direct legal action against infringers, for example, by issuing cease and desist letters or seeking compensation when we consider that it is appropriate to do so.

In relation to materials for which copyright protection is available (such as literary works, logos, photographic images and audio visual footage), our current practice is generally to secure copyright ownership where possible and appropriate. For example, where we are working with third parties and copyright protected materials are being created, we generally try to secure an assignment of the relevant copyright as part of the commercial contract. However, it is not always possible to secure copyright ownership. For example, in the case of audio visual footage relating to football competitions, copyright will generally vest in the competition organizer and any exploitation by Manchester United Limited of such footage will be the subject of a license from the competition organizer.

As part of our ongoing investment into intellectual property, we have implemented a program to detect intellectual property infringement in a digital environment and which facilitates taking action against infringers.

Competition

From a business perspective, we compete across many different industries and within many different markets. We believe our primary sources of competition include, but are not limited to:

- **Football clubs.** We compete against other football clubs in the Premier League for match attendance and Matchday revenue. We compete against football clubs around Europe and the rest of the world to attract the best players and coaches in the global transfer and football staff markets.
- **Television media.** We receive media income primarily from the Premier League and Champions League media contracts, each of which is collectively negotiated. Further details of such arrangements are set out in the section headed “—Revenue Sectors—Broadcasting.” On a collective level, and in respect of those media rights we retain, we compete against other types of television programming for broadcaster attention and advertiser income both domestically and in other markets around the world.
- **Digital media.** We compete against other digital content providers for consumer attention and leisure time, advertiser income and consumer e-commerce activity.
- **Merchandise and apparel.** We compete against other providers of sports apparel and equipment.
- **Sponsorship.** As a result of the international recognition and quality of our brand, we compete against many different outlets for corporate sponsorship and advertising income, including other sports and other sports teams, other entertainment and events, television and other traditional and digital media outlets.

- **Live entertainment** We compete against alternative forms of live entertainment for the sale of matchday tickets, including other live sports, concerts, festivals, theatre and similar events

As a result, we do not believe there is any single market for which we have a well-defined group of competitors

Real Property

We own or lease property dedicated to our football and other operations. The most significant of our real properties is Old Trafford. The following table sets out our key owned and leased properties. In connection with our revolving facility, our secured term loan facility and the 2027 Notes, several of our owned properties, including Old Trafford, are encumbered with land charges as security for all obligations under those agreements, although (a) Manchester International Freight Terminal is not encumbered as it has already been given as security under the Alderley Facility, and (b) the Aon Training Complex is not encumbered.

Key property and location	Primary function	Owned/leased	Owner/lessee	Area (approx. m ²)
Old Trafford Football Stadium, Manchester	Football stadium	Owned (freehold)	Manchester United Limited	205,000
Aon Training Complex, Carrington, Trafford	Football training facility	Owned (freehold)	Manchester United Limited	440,000
Littleton Road Training Ground, Salford	Football training facility	Owned (freehold)	Manchester United Limited	84,000
The Cliff, Lower Broughton Road, Salford	Football training facility	Owned (freehold)	Manchester United Limited	28,000
Manchester International Freight Terminal, Westinghouse Road, Trafford Park, Manchester	Investment Property	Leased (through March 2071)	Alderley Urban Investments Limited	107,000
Land and buildings at Wharfside, Trafford Park, Manchester	Investment Property	Owned (freehold)	Manchester United Limited	27,100
Land and buildings on the southwest side of Trafford Wharf Road, Manchester	Offices and Car Parking	Owned (freehold)	Manchester United Limited	23,000
Land and buildings at Canalside, Trafford Park, Manchester	Investment Property	Owned (freehold)	Manchester United Limited	10,800
Office space, Chester Road, Manchester	Offices	Leased (through November 2018)	Manchester United Limited	1,176
Office space, central London	Offices	Leased (through March 2021)	Manchester United Limited	1,100
Office space, Washington, D.C., United States	Offices	Leased (through February 2020)	Manchester United Limited	658
Office space, central Hong Kong	Offices	Leased (through August 2020)	Manchester United Limited	500

Legal Proceedings

We are involved in various routine legal proceedings incident to the ordinary course of our business. We believe that the outcome of all pending legal proceedings, in the aggregate, will not have a material adverse effect on our business, financial condition or operating results. Further, we believe that the probability of any material losses arising from these legal proceedings is remote.

Subsidiaries

Our directly or indirectly wholly-owned principal subsidiaries are Red Football Finance Limited, Red Football Holdings Limited, Red Football Shareholder Limited, Red Football Joint Venture Limited, Red Football Limited, Red Football Junior Limited, Manchester United Limited, Alderley Urban Investments Limited, Manchester United Commercial Enterprises (Ireland) Limited, Manchester United Football Club Limited, Manchester United Interactive Limited, Manchester United Commercial Holdings Limited, Manchester United Commercial Holdings Junior Limited, MU Finance plc, MU RAML Limited, and MUTV Limited. All of the above are incorporated and operate in England and Wales, with the exception of Red Football Finance Limited which is incorporated and operates in the

Cayman Islands and Manchester United Commercial Enterprises (Ireland) Limited which is incorporated and operates in Ireland

Customers

Our top five customers represented 54.4%, 54.9% and 51.1% of our total revenue in each of the years ended 30 June 2016, 2015 and 2014, respectively. Our top five customers in the year ended 30 June 2016 were the Premier League, adidas, General Motors (Chevrolet), UEFA and Aon. See “Item 3.D Risk Factors—Risks Related to Our Business—We are exposed to credit related losses in the event of non-performance by counterparties to Premier League and UEFA media contracts as well as our key commercial and transfer contracts.” Our top customer was the Premier League, who represented 19.4%, 25.4% and 21.4% of our total revenue in each of the years ended 30 June 2016, 2015 and 2014, respectively. Our second largest customer was adidas, who represented 14.1%, of our total revenue in the year ended 30 June 2016. Our third largest customer was General Motors (Chevrolet), who represented 11.4%, 14.8% and 4.6% of our total revenue in each of the years ended 30 June 2016, 2015 and 2014, respectively.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with our consolidated financial statements and notes included elsewhere in this Annual Report.

Overview

We are one of the most popular and successful sports teams in the world, playing one of the most popular spectator sports on Earth. Through our 138-year heritage we have won 64 trophies, including a record 20 English league titles, enabling us to develop what we believe is one of the world’s leading sports brands and a global community of 659 million followers. Our large, passionate community provides Manchester United with a worldwide platform to generate significant revenue from multiple sources, including sponsorship, merchandising, product licensing, mobile & content, broadcasting and matchday. We attract leading global companies such as adidas, Aon and General Motors (Chevrolet) that want access and exposure to our community of followers and association with our brand.

How We Generate Revenue

We operate and manage our business as a single reporting segment—the operation of a professional sports team. We review our revenue through three principal sectors—Commercial, Broadcasting and Matchday—and within the Commercial revenue sector, we have three revenue streams which monetize our global brand: sponsorship revenue, retail, merchandising, apparel & product licensing revenue, and mobile & content revenue.

Revenue Drivers

Commercial

Our fastest growing source of revenue is derived from sponsors and commercial partners. We generate our Commercial revenue with low fixed costs and small incremental costs for each additional sponsor, making our commercial operations a relatively high margin and scalable part of our business and a principal driver of growth for our overall profitability. Total Commercial revenue for the year ended 30 June 2016 was £268.3 million.

Sponsorship

We monetize the value of our global brand and community of followers through sponsorship relationships with leading international and regional companies around the globe. To better capitalize on the strength of our brand, we have developed a global, regional and product segmentation strategy. Global sponsors include leading brands such as 20th Century Fox, adidas, Aeroflot, Aon, Aperol Spritz, Apollo Tyres, Concha y Toro, DHL, Electronic Arts, Epson, General Motors (Chevrolet), Gulf Oil, Kansai Paint, Nissin Foods Group, Toshiba Medical Systems and Yanmar. In addition, we also have regional sponsors such as Cho-A Pharm, EuroFood, Hong Kong Jockey Club, Manda, Nexon and You-C1000 who are sponsors across a variety of products and categories in certain regions and local markets around the world.

The growing appeal of our brand is evident in the increase in sponsorship revenues in recent years, which show a 8.6% compound annual growth rate from fiscal year 2014 through fiscal year 2016 (the growth rate from fiscal year 2015 to fiscal year 2016 was 3.4% and from fiscal year 2014 to fiscal year 2015 was 14.0%). A partnership with Manchester United provides corporations with the ability to associate themselves with the highly successful Manchester United brand and a global marketing platform to quickly and effectively amplify their brand and message to their potential customers.

Our current shirt sponsor is General Motors (Chevrolet). The shirt sponsorship agreement began in the 2014/15 season and runs through to the end of the 2020/21 season, with total fees payable of approximately \$559 million. We received approximately \$18.6 million in each of the 2012/13 and 2013/14 seasons relating to pre-sponsorship support and exposure, with the remaining \$521.8 million to be received and recognized over seven years through to the end of the 2020/21 season.

Our current training facilities and training kit partner is Aon. Aon are also the presenting partner for all our pre-season tours. Our agreement with Aon runs through to the end of the 2020/21 season.

Total sponsorship revenue for the year ended 30 June 2016 was £160.1 million.

Retail, Merchandising, Apparel & Product Licensing

Our retail, merchandising, apparel & product licensing business includes the sale of sports apparel, training and leisure wear and other clothing featuring the Manchester United brand as well as other licensed products from coffee mugs to bedspreads. These products are distributed on a global basis through Manchester United branded retail stores and e-commerce platform, as well as through our partners' wholesale distribution channels.

We have a 10-year agreement with adidas with respect to our global technical sponsorship and dual-branded licensing rights, which began on 1 August 2015. See "Item 4 Information on the Company—Revenue Sectors—Commercial—Retail, Merchandising, Apparel & Product Licensing" above for additional information regarding our agreement with adidas.

Total retail, merchandising, apparel & product licensing revenue for the year ended 30 June 2016 was £97.3 million.

Mobile & Content

Due to the strength of our brand and the quality of our content, we have formed mobile telecom partnerships in numerous countries. In addition, we market content directly to our followers through our website, www.manutd.com, and associated mobile properties. Total mobile & content revenue for the year ended 30 June 2016 was £10.9 million.

Broadcasting

We benefit from the distribution of live football content directly from the revenue we receive and indirectly through increased global exposure for our commercial partners. Broadcasting revenue is derived from our share of the global television rights relating to the Premier League, UEFA Champions League and other competitions. The growing popularity of the Premier League and UEFA Champions League in international markets and the associated increases in media rights values have been major drivers of the increase in our overall Broadcasting revenue in recent years. The Premier League's new UK television rights contract with Sky Sports and BT Sport is worth £5.136 billion from the 2016/17 season to the 2018/19 season for its live domestic rights. The deal marked a significant increase of over 70% on the previous contract, which was worth £3.018 billion and ran from the 2013/14 season through the 2015/16 season, and represents the largest UK TV rights deal ever signed. In addition, the value of the international broadcast rights for the seasons 2016/17 through to 2018/19 has also increased significantly to £3.2 billion which represents an increase of over 40% compared to the £2.2 billion generated from the previous three-year cycle ended in season 2015/16. Our share of the revenue under the Premier League broadcasting rights contract amounted to £95.7 million, £96.6 million and £88.9 million for the 2015/16, 2014/15 and 2013/14 seasons, respectively, and our share of the revenue from broadcasting rights for UEFA competitions amounted to £31.3 million, £2.1 million (being distributions from UEFA relating to the previous season's competition) and £39.3 million for the 2015/16, 2014/15 and 2013/14 seasons, respectively. Our participation in the Premier League and UEFA Champions League and/or Europa League (and consequently, our receipt of the revenue generated by these broadcasting contracts) is predicated on the success of our first team, and if our first team fails to qualify for these UEFA competitions or is relegated from the Premier League in any given season, our Broadcasting revenue for that and subsequent fiscal years will be adversely impacted, partially offset by lower operating expenses. As a result of our first team performance during the 2015/16 season, our first team will not participate in the 2016/17 Champions League but will participate in the 2016/17 UEFA Europa League. In addition, our global television channel, MUTV, delivers Manchester United programming to over 56 countries and territories around the world. MUTV generated total revenue of £9.0 million, £7.7 million and £6.7 million for each of the years ended 30 June 2016, 2015 and 2014, respectively. Total Broadcasting revenue for the year ended 30 June 2016 was £140.4 million.

Matchday

Matchday revenue is a function of the number of games played at Old Trafford, the size and seating composition of Old Trafford, attendance at our matches and the prices of tickets and hospitality sales. A significant driver of Matchday revenue is the number of home games we play at Old Trafford, which is based on 19 Premier League matches and any additional matches resulting from the success of our first team in the FA Cup, EFL Cup and European competitions. Our participation in the Premier League and European competitions (and consequently, our receipt of the revenue generated by these matches) is predicated on the success of our first team, and if our first team fails to qualify for European competitions or is relegated from the Premier League in any given season, our Matchday revenue for that and subsequent fiscal years will be adversely impacted, partially offset by lower resulting expenses. Average attendance for our home Premier League matches has been approximately 99% for each season since the 1997/98 season, with strong attendance for European competitions, FA Cup and EFL Cup matches. Total Matchday revenue for the year ended 30 June 2016 was £106.6 million, which primarily included £52.3 million from gate receipts and £34.3 million from hospitality.

Other Factors That Affect Our Financial Performance

Employee benefit expenses

Player and staff compensation comprise the majority of our operating costs. Of our total operating costs, player costs, which consist of salaries, bonuses, benefits and national insurance contributions are the primary component. Compensation to non-player staff, which includes our manager and coaching staff, also accounts for a significant portion. Competition from top clubs in the Premier League and Europe has resulted in increases in player and manager salaries, forcing clubs to spend an increasing amount on player and staff compensation, and we expect this trend to continue. In addition, as our commercial operations grow, we expect our headcount and related expenses to increase as well.

Other operating expenses

Our other operating expenses include certain variable costs such as matchday catering, policing, security stewarding and cleaning at Old Trafford, visitor gateshare for domestic cups, and costs related to the delivery on media and commercial sponsorship contracts. Other operating expenses also include certain fixed costs, such as operating lease costs and property costs, maintenance, human resources, training and developments costs, and professional fees.

Amortization and depreciation

We amortize the capitalized costs associated with the acquisition of players' and key football management staff registrations. These costs are amortized over the period of the employment contract agreed with a player/key football management staff. If a player or key football management staff extends his contract prior to the end of the pre-existing period of employment, the remaining unamortized portion of the acquisition cost is amortized over the period of the new contract. Changes in amortization of the costs of players' and key football management staff registrations from year to year and period to period reflect additional fees paid for the acquisition of players and key football management staff, the impact of contract extensions and the disposal of registrations. As such, increased players' and key football management staff registration costs in any period could cause higher amortization in that period and in future periods and have a negative impact on our results of operations. Moreover, to the extent that the player and key football management staff registration costs vary from period to period, this may drive variability in our results of operations. We also amortize the capitalized costs associated with the acquisition of other intangible assets over their estimated useful lives, which is typically between 5 and 10 years.

Depreciation primarily reflects a straight-line depreciation on investments made in property, plant and equipment. Depreciation over the periods under review results primarily from the depreciation of Old Trafford, including incremental improvements made to Old Trafford each season.

Exceptional items

Exceptional operating costs are those costs that in management's judgment need to be disclosed by virtue of their size, nature or incidence in order to provide a proper understanding of our results of operations and financial condition.

(Loss)/profit on disposal of intangible assets

We recognize profits or losses on the disposal of intangible assets (primarily players' registrations) in our income statement. Acquisitions and disposals of players are discretionary and we make transfer decisions based upon the requirements of our first team and the overall availability of players. These requirements and the availability of players, and resulting profits or losses on disposals, may vary from period to period, contributing to variability in our results of operations between periods.

Finance costs

A key component of our expenses during each of the past three fiscal years has been interest costs. We expect interest expense to continue to be a significant component of our expenses. Net finance costs were £20.0 million for the year ended 30 June 2016. See “Item 5.B Liquidity and Capital Resources—Indebtedness.”

On 26 June 2015, we issued \$425.0 million in aggregate principal amount of the 2027 Notes. The proceeds from the sale of the 2027 Notes were used to redeem the \$269.2 million in aggregate principal amount of our outstanding 8¾% US dollar senior secured notes due 2017 (the “2017 Dollar Notes”) at a redemption price equal to 102.09375% of the principal amount of such notes plus accrued and unpaid interest to the date of such redemption and to repay \$90.7 million of our existing secured term loan.

Taxes

During each of the three years ended 30 June 2016, 2015 and 2014, our principal operating subsidiaries were tax residents in the UK. During the year ended 30 June 2016, we were subject to a weighted UK statutory tax rate of 20.0%, during the year ended 30 June 2015, we were subject to a weighted statutory tax rate of 20.75% and during the year ended 30 June 2014, we were subject to a weighted statutory tax rate of 22.5%.

Although we are organized as a Cayman Islands exempted company, we report as a US domestic corporation for US federal income tax purposes. As a result, our worldwide income is also subject to US taxes at the US statutory rate of 35%. We expect to utilize a credit in the United States for the UK taxes paid and therefore we do not expect to be double taxed on our income. Over the next few years, our effective tax rate may be volatile primarily due to the potential mismatch in the recognition of UK current tax liabilities and US deferred tax assets. During the same period we expect our total cash tax rate to be lower than the US statutory rate of 35% due to future US tax deductions related to differences in the book and tax basis of our assets as of the date of the reorganization. Thereafter, we expect our cash tax rate to align more closely with US statutory rate of 35%.

We may also be subject to US state and local income (franchise) taxes based generally upon where we are doing business. These tax rates vary by jurisdiction and the tax base. Generally, state and local taxes are deductible for US federal income tax purposes. Furthermore, because most of our subsidiaries are disregarded from their owner for US federal income tax purposes, we are not able to control the timing of much of our US federal income tax exposure. In calculating our liability for US federal income tax, however, certain of our deductible expenses are higher than the amount of those same expenses under UK corporation tax rules, owing to differences in the relevant rules of the two jurisdictions and the related difference in the opening book versus tax basis of our assets and liabilities. Finally, our UK tax liability can be credited against our US federal income tax liabilities, subject to US rules and limitations. Nevertheless, over time we expect to pay higher amounts of tax than had we remained solely liable to tax in the United Kingdom. As a result, over time we do not expect our future taxation, either with respect to nominal tax rates, effective tax rates or total liability, to be comparable to those we experienced in the three fiscal years preceding the reorganization transactions.

Seasonality

We experience seasonality in our sales and cash flow, limiting the overall comparability and predictability of interim financial periods. In any given interim period, our total revenue can vary based on the number of games played in that period, which affects the amount of Matchday and Broadcasting revenue recognized. Similarly, certain of our costs derive from hosting games at Old Trafford, and these costs will also vary based on the number of games played in the period. We historically recognize the most revenue in our second and third fiscal quarters due to the scheduling of matches. However, a

strong performance by our first team in the Champions League and domestic cups could result in significant additional Broadcasting and Matchday revenue, and consequently we may also recognize the most revenue in our fourth fiscal quarter in those years. Our cash flow may also vary among interim periods due to the timing of significant payments from major commercial agreements. As such, though we report interim results of operations for our first, second and third fiscal quarters, in managing our business, setting goals and assessing performance we focus primarily on our full-year results of operations rather than our interim results of operations.

A. OPERATING RESULTS

The following table shows selected audited consolidated income statement data for the years ended 30 June 2016, 2015 and 2014

	Year ended 30 June		
	2016	2015	2014
	(£'000)		
<i>Income Statement Data</i>			
Revenue	515,345	395,178	433,164
<i>Analyzed as</i>			
Commercial revenue	268,318	196,931	189,315
Broadcasting revenue	140,440	107,664	135,746
Matchday revenue	106,587	90,583	108,103
Operating expenses—before exceptional items	(421,574)	(384,843)	(367,056)
<i>Analyzed as</i>			
Employee benefit expenses	(232,242)	(202,561)	(214,803)
Other operating expenses	(91,244)	(72,271)	(88,298)
Depreciation	(10,079)	(10,324)	(8,665)
Amortization	(88,009)	(99,687)	(55,290)
Operating expenses—exceptional items	(15,135)	(2,336)	(5,184)
Total operating expenses	(436,709)	(387,179)	(372,240)
Operating profit before profit on disposal of intangible assets	78,636	7,999	60,924
(Loss)/profit on disposal of intangible assets	(9,786)	23,649	6,991
Operating profit	68,850	31,648	67,915
Finance costs	(20,459)	(35,419)	(27,668)
Finance income	442	204	256
Net finance costs	(20,017)	(35,215)	(27,412)
Profit/(loss) on ordinary activities before tax	48,833	(3,567)	40,503
Tax (expense)/credit	(12,462)	2,672	(16,668)
Profit/(loss) for the year	36,371	(895)	23,835

Year Ended 30 June 2016 as Compared to the Year Ended 30 June 2015

	Year ended 30 June		% Change 2016 over 2015
	2016	2015	
	(in £ millions)		
Revenue	515.3	395.2	30.4%
Commercial revenue	268.3	196.9	36.3%
Broadcasting revenue	140.4	107.7	30.4%
Matchday revenue	106.6	90.6	17.7%
Total operating expenses	(436.6)	(387.2)	12.8%
Employee benefit expenses	(232.2)	(202.6)	14.6%
Other operating expenses	(91.2)	(72.3)	26.1%
Depreciation	(10.1)	(10.3)	(1.9)%
Amortization	(88.0)	(99.7)	(11.7)%
Exceptional items	(15.1)	(2.3)	556.5%
(Loss)/profit on disposal of intangible assets	(9.8)	23.6	—
Net finance costs	(20.0)	(35.2)	(43.2)%
Tax (expense)/credit	(12.5)	2.7	—

Revenue

Our consolidated revenue for the year ended 30 June 2016 was £515.3 million, an increase of £120.1 million, or 30.4%, compared to the year ended 30 June 2015, as a result of an increase in revenue in all our sectors, as described below

Commercial revenue

Commercial revenue for the year ended 30 June 2016 was £268.3 million, an increase of £71.4 million, or 36.3%, over the year ended 30 June 2015

- Sponsorship revenue for the year ended 30 June 2016 was £160.1 million, an increase of £5.2 million, or 3.4%, over the year ended 30 June 2015, primarily due to the activation of several new global and regional sponsorship deals
- Retail, merchandising, apparel & product licensing revenue for the year ended 30 June 2016 was £97.3 million, an increase of £65.7 million, or 207.9%, over the year ended 30 June 2015, primarily due to the commencement of the new agreement with adidas on 1 August 2015, which included a step-up on minimum guaranteed revenues and contribution from several businesses previously operated by Nike
- Mobile & Content revenue for the year ended 30 June 2016 was £10.9 million, an increase of £0.5 million, or 4.8%, over the year ended 30 June 2015

Broadcasting revenue

Broadcasting revenue for the year ended 30 June 2016 was £140.4 million, an increase of £32.7 million, or 30.4%, over the year ended 30 June 2015, primarily due to participation in UEFA competitions

Matchday revenue

Matchday revenue for the year ended 30 June 2016 was £106.6 million, an increase of £16.0 million, or 17.7%, over the year ended 30 June 2015, primarily due to participation in UEFA competitions plus domestic cup progression

Total operating expenses

Total operating expenses (defined as employee benefit expenses, other operating expenses, depreciation, amortization and exceptional items) for the year ended 30 June 2016 were £436.6 million, an increase of £49.4 million, or 12.8%, over the year ended 30 June 2015

Employee benefit expenses

Employee benefit expenses for the year ended 30 June 2016 were £232.2 million, an increase of £29.6 million, or 14.6%, over the year ended 30 June 2015, primarily due to renewals of existing player contracts, coupled with an uplift in annual player salaries due to participation in the UEFA Champions League

Other operating expenses

Other operating expenses for the year ended 30 June 2016 were £91.2 million, an increase of £18.9 million, or 26.1%, over the year ended 30 June 2015, primarily due to retail, merchandising, apparel and licensing costs now being recognized internally, plus an increase in matchday costs as a result of playing eight additional home games in the current year

Depreciation

Depreciation for the year ended 30 June 2016 amounted to £10.1 million, a decrease of £0.2 million, or 1.9%, over the year ended 30 June 2015

Amortization

Amortization, primarily of players' registrations, for the year ended 30 June 2016 was £88.0 million, a decrease of £11.7 million, or 11.7%, over the year ended 30 June 2015. The decrease in amortization was primarily due to player disposals during fiscal year 2016 (mainly Di Maria and Falcao). The unamortized balance of registrations as of 30 June 2016 was £241.7 million, of which £110.1 million is expected to be amortized in the year ending 30 June 2017. The remaining balance is expected to be amortized over the three years ending 30 June 2020. This does not take into account player acquisitions after 30 June 2016, which would have the effect of increasing the amortization expense in future periods, nor does it consider player departures subsequent to 30 June 2016, which would have the effect of decreasing future amortization charges. Furthermore, any contract renegotiations would also impact future charges.

Exceptional items

Exceptional items for the year ended 30 June 2016 were £15.1 million, of which £8.4 million related to compensation to the former manager and certain members of the coaching staff for loss of office and £6.7 million related to a registrations' impairment charge regarding a reduction in the carrying value of a player no longer considered to be a member of the first team playing squad. Exceptional items for the year ended 30 June 2015 were £2.3 million, of which £1.2 million related to the present value of the additional contributions we are expected to pay to remedy the revised deficit of the Football League pension scheme as per the latest triennial actuarial valuation at 31 August 2014 and £1.1 million related to professional adviser fees related to public sales of our Class A ordinary shares.

(Loss)/profit on disposal of intangible assets

Loss on disposal of intangible assets for the year ended 30 June 2016 was £9.8 million, compared to a profit of £23.6 million for the year ended 30 June 2015. The loss on disposal of intangible assets

for the year ended 30 June 2016 primarily related to the disposal of D1 Maria (Paris St-Germain). The profit on disposal of intangible assets for the year ended 30 June 2015 primarily related to the disposals of Welbeck (Arsenal) and Nani (Fenerbache).

Net finance costs

Net finance costs for the year ended 30 June 2016 were £20.0 million, a decrease of £15.2 million, or 43.2%, over the year ended 30 June 2015, including a reduction in interest payable on our secured term loan facility and senior secured notes following the refinancing in June 2015.

Tax

The tax expense for the year ended 30 June 2016 was £12.5 million, compared to a tax credit of £2.7 million for the year ended 30 June 2015, primarily due to the result before tax in the respective years and foreign exchange gains on the re-measurement of deferred tax assets denominated in US dollars.

Year Ended 30 June 2015 as Compared to the Year Ended 30 June 2014

	Year ended 30 June		% Change 2015 over 2014
	2015	2014	
	(in £ millions)		
Revenue	395.2	433.2	(8.8)%
Commercial revenue	196.9	189.3	4.0%
Broadcasting revenue	107.7	135.8	(20.7)%
Matchday revenue	90.6	108.1	(16.2)%
Total operating expenses	(387.2)	(372.3)	4.0%
Employee benefit expenses	(202.6)	(214.8)	(5.7)%
Other operating expenses	(72.3)	(88.3)	(18.1)%
Depreciation	(10.3)	(8.7)	18.4%
Amortization	(99.7)	(55.3)	80.3%
Exceptional items	(2.3)	(5.2)	(55.8)%
Profit on disposal of intangible assets	23.6	7.0	237.1%
Net finance costs	(35.2)	(27.4)	28.5%
Tax credit/(expense)	2.7	(16.7)	—

Revenue

Our consolidated revenue for the year ended 30 June 2015 was £395.2 million, a decrease of £38.0 million, or 8.8%, compared to the year ended 30 June 2014, as a result of a decrease in revenue in our Broadcasting and Matchday sectors, which was partially offset by an increase in revenue in our Commercial sector, as described below.

Commercial revenue

Commercial revenue for the year ended 30 June 2015 was £196.9 million, an increase of £7.6 million, or 4.0%, over the year ended 30 June 2014.

- Sponsorship revenue for the year ended 30 June 2015 was £154.9 million, an increase of £19.1 million, or 14.1%, over the year ended 30 June 2014, primarily due to the commencement of the seven-year General Motors (Chevrolet) shirt sponsorship and the activation of several new global and regional sponsorship deals.

- Retail, merchandising, apparel & product licensing revenue for the year ended 30 June 2015 was £31.6 million, a decrease of £5.9 million, or 15.7%, over the year ended 30 June 2014, primarily due to reduced Nike guaranteed revenue due to non-participation in UEFA competitions in the current season
- Mobile & Content revenue for the year ended 30 June 2015 was £10.4 million, a decrease of £5.6 million, or 35.0%, over the year ended 30 June 2014, due to the expiration of a few of our mobile partnerships

Broadcasting revenue

Broadcasting revenue for the year ended 30 June 2015 was £107.7 million, a decrease of £28.1 million, or 20.7%, over the year ended 30 June 2014, primarily due to non-participation in UEFA competitions, partially offset by an increase in merit payments due to a higher Premier League finish

Matchday revenue

Matchday revenue for the year ended 30 June 2015 was £90.6 million, a decrease of £17.5 million, or 16.2%, over the year ended 30 June 2014, primarily due to non-participation in UEFA competitions

Total operating expenses

Total operating expenses (defined as employee benefit expenses, other operating expenses, depreciation, amortization and exceptional items) for the year ended 30 June 2015 were £387.2 million, an increase of £14.9 million, or 4.0%, over the year ended 30 June 2014

Employee benefit expenses

Employee benefit expenses for the year ended 30 June 2015 were £202.6 million, a decrease of £12.2 million, or 5.7%, over the year ended 30 June 2014, primarily due to lower player wages

Other operating expenses

Other operating expenses for the year ended 30 June 2015 were £72.3 million, a decrease of £16.0 million, or 18.1%, over the year ended 30 June 2014, primarily due to non-participation in UEFA competitions

Depreciation

Depreciation for the year ended 30 June 2015 amounted to £10.3 million, an increase of £1.6 million, or 18.4%, over the year ended 30 June 2014, primarily due to capital expenditure at the Aon Training Complex and the Old Trafford stadium

Amortization

Amortization, primarily of players' registrations, for the year ended 30 June 2015 was £99.7 million, an increase of £44.4 million, or 80.3%, over the year ended 30 June 2014. The increase in amortization was primarily due to player acquisitions during the year (mainly Di Maria, Falcao and Shaw). The unamortized balance of registrations as of 30 June 2015 was £238.1 million, of which £92.6 million is expected to be amortized in the year ending 30 June 2016. The remaining balance is expected to be amortized over the three years ending 30 June 2019. This does not take into account player acquisitions after 30 June 2015, which would have the effect of increasing the amortization expense in future periods, nor does it consider player departures subsequent to 30 June 2015, which would have the effect of decreasing future amortization charges. Furthermore, any contract renegotiations would also impact future charges.

Exceptional items

Exceptional items for the year ended 30 June 2015 were £2.3 million, of which £1.2 million related to the present value of the additional contributions we are expected to pay to remedy the revised deficit of the Football League pension scheme as per the latest triennial actuarial valuation at 31 August 2014 and £1.1 million related to professional adviser fees related to public sales of our Class A ordinary shares by Red Football LLC and the Edward S. Glazer Irrevocable Exempt Trust. Exceptional items for the year ended 30 June 2014 were £5.2 million, of which £4.9 million related to compensation paid to the former manager and certain members of the coaching staff on loss of office and £0.3 million related to investment property impairment charges.

Profit on disposal of intangible assets

Profit on disposal of intangible assets for the year ended 30 June 2015 was £23.6 million, an increase of £16.6 million, or 237.1%, over the year ended 30 June 2014. The profit on disposal of intangible assets for the year ended 30 June 2015 primarily related to the disposal of Welbeck (Arsenal) and Nani (Fenerbache). The profit on disposal of intangible assets for the year ended 30 June 2014 related to the disposals of Buttner (Dynamo Moscow), Cole (Fulham), Tunnichliffe (Fulham), James (Leicester), Daehli (Molde) and Wootton (Leeds).

Net finance costs

Net finance costs for the year ended 30 June 2015 were £35.2 million, an increase of £7.8 million, or 28.5%, over the year ended 30 June 2014. The increase was primarily due to a £3.6 million premium on the repurchase of our 2017 Dollar Notes and £3.8 million of non-cash accelerated amortization of finance and issue costs primarily related to the repurchase of our 2017 Dollar Notes. The debt refinancing in June 2015 included the issue of \$425.0 million in aggregate principal amount of 2027 Notes, the redemption of the remaining \$269.2 million in aggregate principal amount of our outstanding 2017 Dollar Notes and the repayment of \$90.7 million of our existing secured term loan.

Tax

The tax credit for the year ended 30 June 2015 was £2.7 million, compared to a tax expense of £16.7 million for the year ended 30 June 2014, primarily due to the result before tax in the respective years.

Critical Accounting Estimates and Judgments

The preparation of our financial information requires management to make estimates, judgments and assumptions concerning the future. Estimates, judgments and assumptions 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 resulting accounting estimates will, by definition, seldom equal the related actual results.

For a summary of all of our significant accounting policies, see note 2 to our audited consolidated financial statements as of 30 June 2016 and 2015 and for the years ended 30 June 2016, 2015 and 2014 included elsewhere in this Annual Report.

The JOBS Act permits an “emerging growth company” like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. At the effective date of our IPO, we chose to “opt out” of this provision and, as a result, we are complying with, and will continue to comply with, new or revised accounting standards as required when they are adopted. Our decision to opt out of the extended transition period is irrevocable.

We believe that the following accounting policies reflect the most critical judgments, estimates and assumptions and are significant to the consolidated financial statements

Revenue recognition

Commercial

Commercial revenue comprises revenue receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed revenue, revenue receivable from retailing Manchester United branded merchandise in the UK and licensing the manufacture, distribution and sale of such goods globally, and fees for the Manchester United first team undertaking tours

Minimum guaranteed revenue is recognized over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship benefits enjoyed by the individual sponsor. In instances where the sponsorship rights remain the same over the duration of the contract, revenue is recognized on a straight-line basis.

The minimum guarantee payable by adidas over the term of our agreement with them is equal to £750 million, subject to certain adjustments. Payments due in a particular year may increase if our first team wins certain competitions or decrease if our first team fails to participate in the Champions League for two or more consecutive seasons starting with the 2015/16 season, with the maximum possible reduction being 30% of the applicable payment for the second season of non-participation. In the event of a reduction in any year due to the failure to participate in the Champions League for two or more consecutive seasons, the payments revert back to the original terms upon the first team participating again in the Champions League. Any increase or decrease in a particular year would have the effect of increasing or decreasing the minimum guarantee amount of £750 million payable over the term of the agreement. A critical judgment in future financial years therefore will be management's assessment as to whether or not our first team is likely to fail to participate in the Champions League for two or more consecutive seasons during the term of the agreement. Such assessments of future participation may differ from actual participation, which could result in a difference in the revenue recognized in a given year.

Certain sponsorship contracts include additional profit share arrangements based on cumulative profits earned from the utilization of the Manchester United brand. Any additional profit share on such arrangements is only recognized when a reliable estimate of the future performance of the contract can be obtained and only to the extent that the revenue is considered probable. In assessing whether any additional profit share is probable and should therefore be recognized, management carries out regular reviews of the contracts and future financial forecasts, having regard to the underlying risk factors such as team performance and general economic conditions. Such forecasts of future financial performance may differ from actual financial performance, which could result in a difference in the revenue recognized in a given year.

Broadcasting and Matchday

For our accounting policies relating to Broadcasting revenue and Matchday revenue, which management does not consider to involve critical estimates and judgments, see note 2 to our audited consolidated financial statements as of 30 June 2016 and 2015 and for the years ended 30 June 2016, 2015 and 2014 included elsewhere in this Annual Report.

Impairment of goodwill and non-current assets

The Company annually tests whether goodwill has suffered any impairment and more frequently tests whether events or changes in circumstances indicate a potential impairment. An impairment loss is

recognized when the carrying value of goodwill exceeds its recoverable amount. Its recoverable amount is the higher of fair value less costs of disposal and value in use. The recoverable amount has been determined based on value-in-use calculations. These calculations require the use of estimates, both in arriving at the expected future cash flow and the application of a suitable discount rate in order to calculate the present value of these flows. See note 15 to our audited consolidated financial statements as of 30 June 2016 and 2015 and for the years ended 30 June 2016, 2015 and 2014 included elsewhere in this Annual Report.

All other non-current assets, including property, plant and equipment and investment property, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment charges arising are recognized in the income statement when the carrying amount of an asset is greater than the estimated recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use, and are calculated with reference to future discounted cash flows that the asset is expected to generate when considered as part of a cash-generating unit. An impairment review trigger event would include, for example, our failure to qualify for the Champions League for a sustained period. In respect of player registrations, a further impairment review trigger event would occur when the player is excluded from our revenue generation, for example, as a result of a career-ending injury, and conditions indicate that the amortized carrying value of the asset is not recoverable.

The impairment review of goodwill and other non-current assets considers estimates of the future economic benefits attributable to them. Such estimates involve assumptions in relation to future, recoverable amount of the asset, ticket revenue, broadcasting and sponsorship revenue and on-field performance. Any estimates of future economic benefits made in relation to non-current assets may differ from the benefits that ultimately arise, and materially affect the recoverable value of the asset.

Intangible assets—registrations

The costs associated with the acquisition of players' registrations and key football management staff are capitalized as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the individual's registration. The estimate of the fair value of the contingent consideration payable requires management to assess the likelihood of specific performance conditions being met which would trigger the payment of the contingent consideration such as the number of player appearances. This assessment is carried out on an individual basis. Costs associated with the acquisition of players' registrations and key football management staff include transfer fees, Premier League levy fees, agents' fees and other directly attributable costs. These costs are amortized over the period covered by the individual's contract. To the extent that an individual's contract is extended, the remaining book value is amortized over the remaining revised contract life.

Tax

Tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to (or recovered from) the tax authorities. From time to time the Group is involved in discussions with tax authorities in relation to ongoing tax matters and, where appropriate, provisions are made based on management's assessment of each case. Future tax expense or credit may be higher or lower than estimates made when determining whether it is appropriate to record a provision and the amount to be recorded. Furthermore, changes in the legislative framework or applicable tax case law may result in management reassessing the recognition of tax provisions in future periods.

Recognition of deferred tax assets

We recognize deferred tax effects of temporary differences between the financial statement carrying amounts and the tax basis of our assets and liabilities

Deferred tax assets are recognized only to the extent that it is probable that the associated deductions will be available for use against future profits and that there will be sufficient future taxable profit available against which the temporary differences can be utilized, provided the asset can be reliably quantified. In estimating future taxable profit, management use “base case” approved forecasts which incorporate a number of assumptions, including a prudent level of future uncontracted revenue in the forecast period. In arriving at a judgment in relation to the recognition of deferred tax assets, management considers the regulations applicable to tax and advice on their interpretation. Future taxable income may be higher or lower than estimates made when determining whether it is appropriate to record a tax asset and the amount to be recorded. Furthermore, changes in the legislative framework or applicable tax case law may result in management reassessing the recognition of deferred tax assets in future periods.

B LIQUIDITY AND CAPITAL RESOURCES

Our primary cash requirements stem from the payment of transfer fees for the acquisition of players’ registrations, capital expenditure for the improvement of facilities at Old Trafford and the Aon Training Complex, payment of interest on our borrowings, employee benefit expenses, other operating expenses and dividends on our Class A ordinary shares and Class B ordinary shares. Historically, we have met these cash requirements through a combination of operating cash flow and proceeds from the transfer fees from the sale of players’ registrations. Our existing borrowings primarily consist of our secured term loan facility and our 2027 Notes. Additionally, although we have not needed to draw any borrowings under our revolving facility since 2009, we have no intention of retiring our revolving facility and may draw on it in the future in order to satisfy our working capital requirements. We manage our cash flow interest rate risk where appropriate using interest rate swaps at contract lengths consistent with the repayment schedule of our long term borrowings. Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. We have US dollar borrowings that we use to hedge a portion of our US dollar commercial revenue exposure. See “—Indebtedness” below. We continue to evaluate our financing options and may, from time to time, take advantage of opportunities to repurchase or refinance all or a portion of our existing indebtedness to the extent such opportunities arise.

In fiscal year 2016 we began paying a regular quarterly cash dividend on our Class A ordinary shares and Class B ordinary shares of \$0.045 per share. Our board of directors recently approved replacing the previous quarterly cash dividend with a regular semi-annual cash dividend of \$0.09 per share. We expect to continue paying regular semi-annual dividends to our Class A ordinary shareholders and Class B ordinary shareholders out of our operating cash flows. The declaration and payment of any future dividends, however, will be at the sole discretion of our board of directors or a committee thereof, and our expectations and policies regarding dividends are subject to change as our business needs, capital requirements or market conditions change.

Our business generates a significant amount of cash from our Matchday revenues and commercial contractual arrangements at or near the beginning of our fiscal year, with a steady flow of other cash received throughout the fiscal year. In addition, we generate a significant amount of our cash through advance receipts, including season tickets (which include general admission season tickets and seasonal hospitality tickets), most of which are received prior to the end of June for the following season. Our broadcasting revenue from the Premier League and UEFA are paid periodically throughout the season, with primary payments made in late summer, December, January and the end of the football season. Our sponsorship and other Commercial revenue tends to be paid either quarterly or annually in

advance. However, while we typically have a high cash balance at the beginning of each fiscal year, this is largely attributable to deferred revenue, the majority of which falls under current liabilities in the consolidated balance sheet, and this deferred revenue is unwound through the income statement over the course of the fiscal year. Over the course of a year, we use our cash on hand to pay employee benefit expenses, other operating expenses, interest payments and other liabilities as they become due. This typically results in negative working capital movement at certain times during the year. In the event it ever became necessary to access additional operating cash, we also have access to cash through our revolving facility. As of 30 June 2016, we had no borrowings under our revolving facility.

Pursuant to our contract with adidas, which became effective on 1 August 2015, the minimum guarantee payable by adidas over the 10-year term of the agreement is equal to £750 million, subject to certain adjustments. See “Item 4 Information on the Company—Revenue Sectors—Commercial—Retail, Merchandising, Apparel & Product Licensing” above for additional information regarding our agreement with adidas.

We also maintain a mixture of long-term debt and capacity under our revolving facility in order to ensure that we have sufficient funds available for short-term working capital requirements and for investment in the playing squad and other capital projects.

Our cost base is more evenly spread throughout the fiscal year than our cash inflows. Employee benefit expenses and fixed costs constitute the majority of our cash outflows and are generally paid throughout the 12 months of the fiscal year. Our working capital levels tend to be at their lowest in November, in advance of Premier League and UEFA broadcasting receipts in December.

In addition, transfer windows for acquiring and disposing of players’ registrations occur in January and the summer. During these periods, we may require additional cash to meet our acquisition needs for new players and we may generate additional cash through the sale of existing players’ registrations. Depending on the terms of the agreement, transfer fees may be paid or received by us in multiple installments, resulting in deferred cash paid or received. Although we have not historically drawn on our revolving facility during the summer transfer window, if we seek to acquire players with values substantially in excess of the values of players we seek to sell, we may be required to draw on our revolving facility to meet our cash needs.

Acquisition and disposal of registrations also affects our current trade receivables and payables, which affects our overall working capital. Our current trade receivables include accrued revenue from sponsors as well as transfer fees receivable from other football clubs, whereas our trade payables include transfer fees and other associated costs in relation to the acquisition of registrations.

Capital expenditures at Old Trafford

Our stadium, Old Trafford, remains one of our key assets and a significant part of the overall experience we provide to our followers. Old Trafford has been our home stadium since 1910 and has undergone significant changes over the years. To maintain the quality of service, enhance the fan experience and increase Matchday revenue, we continually invest in the refurbishment and regeneration of Old Trafford. Following a substantial development prior to the 2006/07 season, we expanded seating capacity at Old Trafford from approximately 68,000 to 75,643. In addition, we have continued to invest in improving hospitality suites and catering facilities through refurbishment programs. We record these investments as capital expenditures. Capital expenditure at Old Trafford was £2.7 million, £2.3 million and £4.1 million for the years ended 30 June 2016, 2015 and 2014, respectively. We typically invest approximately £3 million per year in refurbishment capital expenditure with further investments in expansion capital expenditure as required.

In addition, we spent approximately £2.3 million in fiscal year 2016 and approximately £3.7 million in fiscal year 2015 in connection with updating and expanding the Aon Training Complex, our training facility

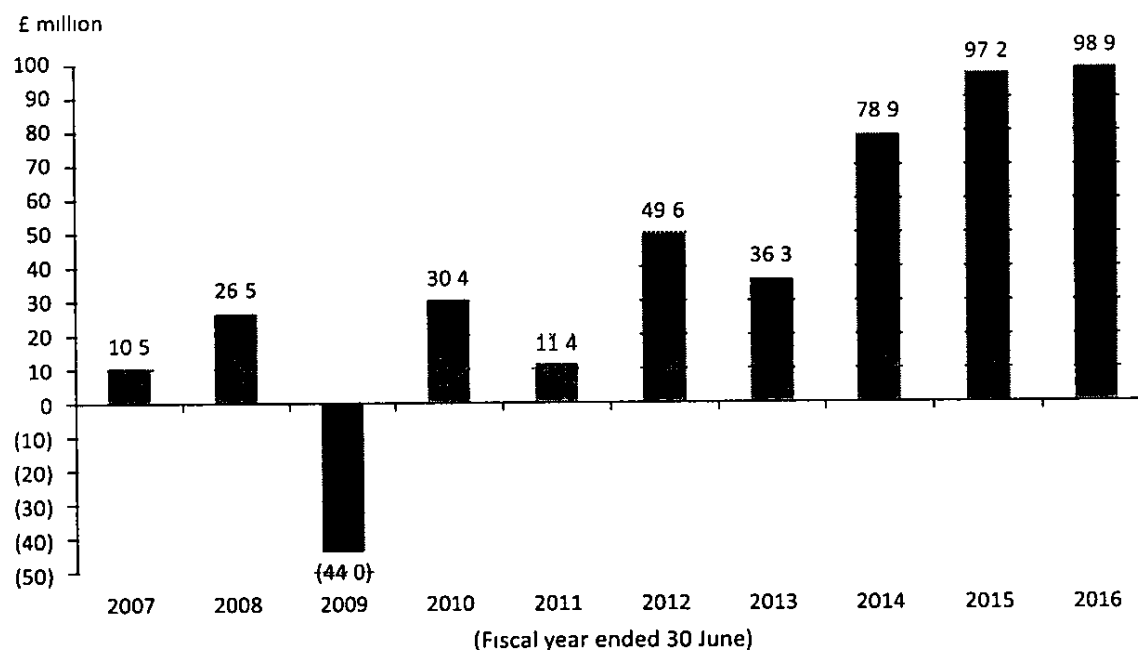
Mobile & Content capital expenditure

We intend to continue investing in our mobile & content assets, including our website and digital media capabilities

Net intangible asset—registrations capital expenditure

Our average net intangible asset—registrations capital expenditure over the last 10 years has been a cash outflow of £39.6 million per fiscal year (excluding the sale of a player in the year ended 30 June 2009 that generated a significant cash inflow, average net intangible asset—registrations capital expenditure over the same period would have been a cash outflow of £47.6 million per fiscal year). However, net intangible asset—registrations capital expenditure has varied significantly from period to period, as shown in the table below, and while we expect that trend to continue, competition for talented players may force clubs to spend increasing amounts on player registration fees. We may explore new player acquisitions in connection with future transfer periods that may materially increase the amount of our net intangible asset—registrations capital expenditure. Actual cash used or generated from net intangible asset—registrations capital expenditure is recorded on our statement of cash flow under net cash used or generated in investing activities.

Last 10 Years Net Intangible Asset—Registrations Capital Expenditure(1)



- (1) The net intangible asset—registrations capital expenditure data presented is the sum of all cash used for purchases of intangible assets—registrations and all cash generated from sales of intangible assets—registrations as disclosed in our consolidated annual financial statements. For the years ended 30 June 2013 to 30 June 2016, the data above was derived from the annual financial statements of Manchester United plc. For the years ended 30 June 2007 to 30 June 2012,

the above data was derived from the annual financial statements of Red Football Shareholder Limited. The annual financial statements for periods prior to our transition to IFRS on 1 July 2008 were prepared in accordance with Generally Accepted Accounting Practice in the United Kingdom.

Working Capital

Our directors confirmed that, as of the date of this Annual Report, after taking into account our current cash and cash equivalents and our anticipated cash flow from operating and financing activities, we believe that we have sufficient working capital for our present requirements.

Cash Flow

The following table summarizes our cash flows for the years ended 30 June 2016, 2015 and 2014.

	Year ended 30 June		
	2016	2015	2014
	(in £ millions)		
Cash flow from operating activities			
Cash generated from operations	200.8	195.0	101.7
Interest paid	(13.2)	(42.6)	(27.7)
Debt finance costs relating to borrowings	—	(6.5)	(0.1)
Interest received	0.5	0.5	0.3
Tax paid	(2.0)	(2.5)	(1.4)
Net cash generated from operating activities	<u>186.1</u>	<u>143.9</u>	<u>72.8</u>
Cash flow from investing activities			
Payments for property, plant and equipment (net of proceeds)	(5.1)	(5.5)	(10.8)
Payments for intangible assets	(138.1)	(117.4)	(92.9)
Proceeds from sale of intangible assets	38.4	20.6	14.0
Net cash used in investing activities	<u>(104.8)</u>	<u>(102.3)</u>	<u>(89.7)</u>
Cash flow from financing activities			
Proceeds from borrowings	—	272.5	—
Repayment of borrowings	(0.4)	(227.9)	(5.0)
Dividends paid	(20.1)	—	—
Net cash (used in)/generated from financing activities	<u>(20.5)</u>	<u>44.6</u>	<u>(5.0)</u>
Net increase/(decrease) in cash and cash equivalents	<u>60.8</u>	<u>86.2</u>	<u>(21.9)</u>

Net cash generated from operating activities

Net cash generated from operations represents our operating results and net movements in our working capital. Our working capital is generally impacted by the timing of cash received from the sale of tickets and hospitality and other Matchday sales, broadcasting revenue from the Premier League and UEFA and sponsorship and Commercial revenue. Cash generated from operations for the year ended 30 June 2016 produced a cash inflow of £200.8 million, an increase of £5.8 million from a cash inflow of £195.0 million for the year ended 30 June 2015. Cash generated from operations for the year ended 30 June 2014 was £101.7 million.

Additional changes in net cash generated from operating activities generally reflect our finance costs. We currently pay fixed rates of interest on our 2027 Notes and variable rates of interest on our secured term loan facility. We use interest rate swaps to manage the cash flow interest rate risk. The swaps have the economic effect of converting interest on our secured term loan facility from variable

rates to a fixed rate. Our revolving facility is also subject to variable rates of interest. Interest paid was £13.2 million in the year ended 30 June 2016, a decrease of £29.4 million compared to £42.6 million in interest paid in the year ended 30 June 2015. The decrease of £29.4 million was primarily due to a reduction in interest on our 2027 Notes, as compared to the 2017 Dollar Notes, and on our secured term loan facility following the debt refinancing in June 2015. Interest paid was £27.7 million for the year ended 30 June 2014.

Net cash generated from operating activities was £186.1 million in the year ended 30 June 2016, compared to net cash generated from operating activities of £143.9 million for the year ended 30 June 2015. Net cash generated from operating activities was £72.8 million for the year ended 30 June 2014.

Net cash used in investing activities

Capital expenditure for the acquisition of intangible assets as well as for improvements to property, principally at Old Trafford and the Aon Training Complex, are funded through cash flow generated from operations, proceeds from the sale of intangible assets and, if necessary, from our revolving facility. Capital expenditure on the acquisition, disposal and trading of intangible assets tends to vary significantly from year to year depending on the requirements of our first team, overall availability of players, our assessment of their relative value and competitive demand for players from other clubs. By contrast, capital expenditure on the purchase of property, plant and equipment tends to remain relatively stable as we continue to make improvements at Old Trafford and invest in the expansion of our training facility, the Aon Training Complex.

Net cash used in investing activities for the year ended 30 June 2016 was £104.8 million, an increase of £2.5 million from £102.3 million for the year ended 30 June 2015. Net cash used in investing activities for the year ended 30 June 2014 was £89.7 million.

For the year ended 30 June 2016, net capital expenditure was £5.1 million, a decrease of £0.4 million from net expenditure of £5.5 million for the year ended 30 June 2015. Net capital expenditure for the year ended 30 June 2016 related mainly to refurbishment work at Old Trafford and the Aon Training Complex. Net capital expenditure for the year ended 30 June 2015 related mainly to refurbishment work at Old Trafford and new pitches at the Aon Training Complex.

For the year ended 30 June 2016, net expenditure on intangible assets was £99.7 million, an increase of £2.9 million from net expenditure of £96.8 million for the year ended 30 June 2015. Net expenditure on intangible assets for the year ended 30 June 2016 mainly comprised payments made for the acquisitions of Di Maria, Martial and Schneiderlin, less payments received relating to the disposal of Di Maria and Welbeck. Net expenditure on intangible assets for the year ended 30 June 2015 mainly comprised payments made for the acquisitions of Di Maria, Rojo, Fellaini, Depay and Shaw, less payments received relating to the disposal of Welbeck and Kagawa.

For the year ended 30 June 2014, net capital expenditure on the purchase of property, plant and equipment was a cash outflow of £10.8 million related mainly to general development at Old Trafford and the Aon Training Complex. Net expenditure on intangible assets was £78.9 million mainly comprised of expenditures for the acquisitions of Fellaini, Herrera, Mata, van Persie and Zaha less payments received relating to the disposal of Berbatov, Brady, Buttner and O'Shea. As a result, net cash used in investing activities was £89.7 million.

Net cash generated from/(used in) financing activities

Net cash used in financing activities for the year ended 30 June 2016 was £20.5 million, an increase of £65.1 million compared to net cash generated of £44.6 million for the year ended 30 June 2015. During the year ended 30 June 2016, we repaid borrowings of £0.4 million relating to the Alderley facility and paid four quarterly dividends amounting to \$0.18 per share in the aggregate.

During the year ended 30 June 2015, we issued £267.8 million (\$425.0 million) in aggregate principal amount of the 2027 Notes. We used the proceeds to repurchase all of our outstanding 2017 Dollar Notes, comprising a principal value of £169.6 million (\$269.2 million) and a premium on repurchase of £3.6 million (\$5.6 million). We also amended the terms of our secured term loan facility, reducing the outstanding principal amount by £57.2 million (\$90.7 million), reducing the interest rate to LIBOR plus an applicable margin between 1.75% per annum and 1.25% per annum, and extending the term of the facility to June 2025.

Net cash used in financing activities for the year ended 30 June 2014 was £5.0 million. During the year ended 30 June 2014, we repaid £5.0 million of borrowings, primarily relating to the secured term loan facility.

Indebtedness

Our primary sources of indebtedness consist of our secured term loan facility and our 2027 Notes. As part of the security for our secured term loan facility, our 2027 Notes and our revolving facility, substantially all of our assets are subject to liens and mortgages.

Description of principal indebtedness

Secured term loan facility

Our wholly-owned finance subsidiary, MU Finance plc, has a secured term loan facility with Bank of America, N.A. as lender. As of 30 June 2016, the sterling equivalent of £166.0 million (net of unamortized issue costs of £2.7 million) was outstanding. The outstanding principal amount was \$225.0 million. We have the option to repay the loan at any time. The remaining balance of the loan is repayable on 26 June 2025.

Loans under the secured term loan facility bear interest at a rate per annum equal to US dollar LIBOR (provided that if the rate is less than zero, LIBOR shall be deemed to be zero) plus the applicable margin. The applicable margin, if no event of default has occurred and is continuing, means the following:

<u>Total net leverage ratio (as defined in the secured term loan facility agreement)</u>	<u>Margin % (per annum)</u>
Greater than 3.5	1.75
Greater than 2.0 but less than or equal to 3.5	1.50
Less than or equal to 2.0	1.25

While any event of default is continuing, the applicable margin shall be the highest level set forth above.

Our secured term loan facility is guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited, Manchester United Football Club Limited and MU Finance plc and secured against substantially all of the assets of those entities.

The secured term loan facility contains a financial maintenance covenant requiring us to maintain consolidated profit/loss for the period before depreciation, amortization of, and (loss)/profit on disposal of, intangible assets, exceptional items, net finance costs, and tax ("EBITDA") of not less than £65 million for each 12 month testing period. We are able to claim certain dispensations from complying with the consolidated EBITDA floor up to twice (in non-consecutive years) during the life of the secured term loan facility if we fail to qualify for the first round group stages (or its equivalent from time to time) of the Champions League.

Our secured term loan facility contains events of default typical in facilities of this type, as well as typical covenants including restrictions on incurring additional indebtedness, paying dividends or

making other distributions or repurchasing or redeeming our stock, selling assets, including capital stock of restricted subsidiaries, entering into agreements restricting our subsidiaries' ability to pay dividends, consolidating, merging, selling or otherwise disposing of all or substantially all of our assets, entering into sale and leaseback transactions, entering into transactions with our affiliates and incurring liens. Certain events of default and covenants in the secured term loan facility are subject to certain thresholds and exceptions described in the agreement governing the secured term loan facility.

Senior secured notes

Our wholly-owned finance subsidiary, MU Finance plc, issued \$425 million in aggregate principal amount of 3.79% senior secured notes due 2027 (which we refer to throughout this Annual Report as the "2027 Notes"). As of 30 June 2016 the sterling equivalent of £314.3 million (net of unamortized issue costs of £4.4 million) was outstanding. The outstanding principal amount was \$425.0 million. The 2027 Notes mature on 25 June 2027.

The 2027 Notes are guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited, and Manchester United Football Club Limited and are secured against substantially all of the assets of those entities and MU Finance plc.

The note purchase agreement governing the 2027 Notes contains a financial maintenance covenant requiring us to maintain consolidated EBITDA of not less than £65 million for each 12 month testing period. We are able to claim certain dispensations from complying with the consolidated EBITDA floor up to twice (in non-consecutive years) during the life of the 2027 Notes if we fail to qualify for the first round group stages (or its equivalent from time to time) of the Champions League.

The note purchase agreement governing the 2027 Notes contains events of default typical for securities of this type, as well as customary covenants and restrictions on the activities of Red Football Limited and each of Red Football Limited's subsidiaries, including, but not limited to, the incurrence of additional indebtedness, dividends or distributions in respect of capital stock or certain other restricted payments or investments, entering into agreements that restrict distributions from restricted subsidiaries, the sale or disposal of assets, including capital stock of restricted subsidiaries, transactions with affiliates, the incurrence of liens, and mergers, consolidations or the sale of substantially all of Red Football Limited's assets. The covenants in the note purchase agreement governing the 2027 Notes are subject to certain thresholds and exceptions described in the note purchase agreement governing the 2027 Notes.

The 2027 Notes may be redeemed in part, in an amount not less than 5% of the aggregate principal amount of the 2027 Notes then outstanding, or in full, at any time at 100% of the principal amount plus a "make-whole" premium of an amount equal to the discounted value (based on the US Treasury rate) of the remaining interest payments due on the 2027 Notes up to 25 June 2027.

Revolving facility

Our revolving facilities agreement allows MU Finance plc (or any direct or indirect subsidiary of Red Football Limited that becomes a borrower thereunder) to borrow up to £125 million, plus (subject to certain conditions) the ability to incur a further £25 million by way of incremental facilities, from a syndicate of lenders with Bank of America Merrill Lynch International Limited as agent and security trustee. As of 30 June 2016, we had no outstanding borrowings and had £125 million (exclusive of capacity under the incremental facilities) in borrowing capacity under our revolving facilities agreement.

Our initial revolving facility is scheduled to expire on 26 June 2021 (although it may be possible for any subsequent incremental facility thereunder to expire at a later date). Any amount still outstanding at that time will be due in full immediately on the applicable expiry date.

Subject to certain conditions, we may voluntarily prepay and/or permanently cancel all or part of the available commitments under the revolving facility by giving not less than three business days' prior notice to the Agent under the facility. Any loan drawn under the revolving facility is required to be repaid on the last day of each of its interest periods. Amounts repaid may (subject to the terms of the revolving facilities agreement) be re-borrowed.

Loans under the revolving facility bear interest at a rate per annum equal to LIBOR (or in relation to a loan in euros, EURIBOR) (provided that if that rate is less than zero, LIBOR or, as the case may be, EURIBOR, shall be deemed to be zero) plus the applicable margin.

The applicable margin if no event of default has occurred and is continuing, it means the following:

<u>Total net leverage ratio (as defined in the revolving facilities agreement)</u>	<u>Margin % (per annum)</u>
Greater than 3.5	1.75
Greater than 2.0 but less than or equal to 3.5	1.50
Less than or equal to 2.0	1.25

While any default is continuing, the applicable margin shall be the highest level set forth above.

A commitment fee is payable on the available but undrawn amount of the revolving facility, at a rate equal to 40% per annum of the applicable margin.

Our revolving facility is guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited, Manchester United Football Club Limited and MU Finance plc and secured against substantially all of the assets of those entities.

In addition to the general covenants described below, the revolving facility contains a financial maintenance covenant requiring us to maintain consolidated EBITDA of not less than £65 million for each 12 month testing period. We are able to claim certain dispensations from complying with the consolidated EBITDA floor up to twice (in non-consecutive years) during the life of the revolving facility if we fail to qualify for the first round group stages (or its equivalent from time to time) of the Champions League. In addition, in the event that the financial covenant is not complied with, such non-compliance may also be cured with the cash proceeds of additional shareholder funding or subordinated shareholder funding no later than the end of the period 20 business days following the earlier of the date on which the compliance certificate setting out the calculations in respect of the relevant covenant determination is required to be delivered and the date on which it is delivered under the terms of the revolving facilities agreement, and no equity cures may be made in consecutive financial quarters.

Our revolving facility contains events of default typical in facilities of this type, as well as typical covenants including restrictions on incurring additional indebtedness, paying dividends or making other distributions or repurchasing or redeeming our stock, making investments, selling assets, including capital stock of restricted subsidiaries, entering into agreements restricting our subsidiaries' ability to pay dividends, consolidating, merging, selling or otherwise disposing of all or substantially all of our assets, entering into sale and leaseback transactions, entering into transactions with our affiliates and incurring liens. Certain events of default and covenants in the revolving facility are subject to certain thresholds and exceptions described in the agreement governing the revolving facility.

Alderley facility

The Alderley facility consists of a bank loan to Alderley Urban Investments Limited, a subsidiary of Manchester United Limited. The loan attracts interest at LIBOR plus 1%. As of 30 June 2016, £4.6 million was outstanding under the Alderley facility. £0.9 million of the loan is repayable in

quarterly installments through July 2018, and the remaining balance of £3.7 million is repayable at par on 9 July 2018. The loan is secured against the Manchester International Freight Terminal which is owned by Alderley Urban Investments Limited.

As of 30 June 2016, we were in compliance with all covenants in relation to indebtedness.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC

We do not conduct research and development activities.

D. TREND INFORMATION

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events since 30 June 2016 that are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. OFF BALANCE SHEET ARRANGEMENTS

Transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by us if certain specific performance conditions are met. As noted above, we estimate the fair value of any contingent consideration at the date of acquisition based on the probability of conditions being met and monitor this on an ongoing basis. The maximum additional amount that could be payable as of 30 June 2016 is £41.6 million.

Transfer fees receivable

Similarly, under the terms of contracts with other football clubs for player transfers, additional amounts would be payable to us if certain specific performance conditions are met. In accordance with the recognition criteria for contingent assets, such amounts are only disclosed by the Company when probable and recognized when virtually certain. As of 30 June 2016, we believe receipt of £1.6 million to be probable.

Other commitments

In the ordinary course of business, we enter into operating lease commitments and capital commitments. These transactions are recognized in the consolidated financial statements in accordance with IFRS, as issued by the IASB, and are more fully disclosed therein.

As of 30 June 2016, we had not entered into any other off-balance sheet transactions.

F. CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations as of 30 June 2016

	Payments due by period(1)				Total
	Less than 1 year	1 - 3 years	3 - 5 years (in £ thousands)	More than five years	
Long-term debt obligations(2)	18,967	41,245	18,498	519,921	598,631
Finance lease obligations	—	—	—	—	—
Operating lease obligations(3)	2,635	4,512	175	4,028	11,350
Purchase obligations(4)	214,566	20,366	488	—	235,420
Other long-term liabilities	—	—	—	—	—
Total	<u>236,168</u>	<u>66,123</u>	<u>19,161</u>	<u>523,949</u>	<u>845,401</u>

- (1) This table reflects contractual non-derivative financial obligations including interest and operating lease payments and therefore differs from the carrying amounts in our consolidated financial statements
- (2) As of 30 June 2016, we had \$225.0 million of our secured term loan facility outstanding and \$425.0 million of our 2027 Notes outstanding. Other long-term indebtedness consists of a bank loan to Alderley Urban Investments Limited, a subsidiary of Manchester United Limited. As of 30 June 2016, we had £4.6 million outstanding under the Alderley facility. See “Item 5.B Liquidity and Capital Resources—Indebtedness—Description of principal indebtedness” and note 24 to our audited consolidated financial statements as of 30 June 2016 and 2015 and for the years ended 30 June 2016, 2015 and 2014 included elsewhere in this Annual Report.
- (3) We enter into operating leases in the normal course of business. Most lease arrangements provide us with the option to renew the leases at defined terms. The future operating lease obligations would change if we were to exercise these options, or if we were to enter into additional new operating leases. See note 28.1 to our audited consolidated financial statements as of 30 June 2016 and 2015 and for the years ended 30 June 2016, 2015 and 2014 included elsewhere in this Annual Report.
- (4) Purchase obligations include current and non-current obligations related to the acquisition of registrations, inventory and capital commitments. Purchase obligations do not include contingent transfer fees of £41.6 million which are potentially payable by us if certain specific performance conditions are met.

Except as disclosed above and in note 29.2 to our audited consolidated financial statements as of 30 June 2016 and 2015 and for the years ended 30 June 2016, 2015 and 2014 included elsewhere in this Annual Report, as of 30 June 2016, we did not have any material contingent liabilities or guarantees.

G. SAFE HARBOR

See the Section entitled “Forward-Looking Statements” at the beginning of this Annual Report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The following table lists each of our current executive officers and directors and their respective ages and positions as of the date of this Annual Report

Name	Age	Position
Avram Glazer	55	Executive Co-Chairman and Director
Joel Glazer	49	Executive Co-Chairman and Director
Edward Woodward	44	Executive Vice Chairman and Director Group Managing Director and
Richard Arnold	45	Director
Jameson Reigle	39	Commercial Director and Director
Cliff Baty	46	Chief Financial Officer
Kevin Glazer	54	Director
Bryan Glazer	51	Director
Darcie Glazer Kasewitz	48	Director
Edward Glazer	46	Director
Robert Leitão	53	Independent Director
Manu Sawhney	49	Independent Director
John Hooks	60	Independent Director

The following is a brief biography of each of our executive officers and directors

Avram Glazer, aged 55, is Executive Co-Chairman and a Director of the Company. He is currently a director of Red Football Limited and Co-Chairman of Manchester United Limited. Mr. Glazer served as President and Chief Executive Officer of Zapata Corporation, a US public company between from March 1995 to July 2009 and Chairman of the board of Zapata Corporation from March 2002 to July 2009. Mr. Glazer received a business degree from Washington University in St. Louis in 1982. He received a law degree from American University, Washington College of Law in 1985.

Joel Glazer, aged 49, is Executive Co-Chairman and a Director of the Company. He is currently a director of Red Football Limited and Co-Chairman of Manchester United Limited. Mr. Glazer is Co-Chairman of the Tampa Bay Buccaneers. Mr. Glazer is a member of the NFL Finance and International Committees. Mr. Glazer graduated from American University in Washington, D.C., in 1989 with a bachelor's degree.

Edward Woodward, aged 44, is Executive Vice Chairman and a Director of the Company. He was appointed to our board of directors on 30 April 2012 and is currently Executive Vice Chairman of Manchester United Limited, having been elected to its board of directors in February 2008. He is also a director of MUTV Limited. In 2015 he was elected to the Board of Directors of the European Clubs Association (ECA)—the sole independent body directly representing football clubs at a European level. He also chairs the ECA Marketing and Communications Working Group. Mr. Woodward represents the Club at meetings of the English Premier League's shareholders. He oversees the strategy and planning for the football club, including the world-renowned Academy for young players and the development of world class training facilities at the Aon Training Complex. On joining the club in 2005 he initially managed the capital structure of the group and advised on the overall financial business plan. In 2007 he assumed responsibility for the commercial and media operations and developed and implemented a new overall commercial strategy for the Club. This resulted in a new structured approach to commercializing the brand, including developing the sponsorship strategy, led out of the London office. Mr. Woodward formerly worked as a senior investment banker within J.P. Morgan's international mergers and acquisitions team between 1999 and 2005. Prior to joining J.P. Morgan, Mr. Woodward worked for PricewaterhouseCoopers in the Accounting and Tax Advisory department.

between 1993 and 1999. He received a Bachelor of Science degree in physics from Bristol University in 1993 and qualified for his Chartered Accountancy in 1996.

Richard Arnold, aged 45, is the Group Managing Director and a Director of the Company. In his capacity as Group Managing Director, Mr. Arnold oversees all commercial and operational aspects of the Company. Mr. Arnold also serves as Chairman of the Manchester United Foundation. In his previous role as Commercial Director (until 30 June 2013) he was responsible for the management and growth of the Company's sponsorship business, retail, merchandising, apparel & product licensing business, and mobile & content business. In this capacity he was nominated for SportBusiness International's Sports innovator of the year list in 2011. Mr. Arnold is on the board of Manchester United Merchandising Limited and MUTV Limited. Mr. Arnold was previously Deputy Managing Director of InterVoice Ltd responsible for the international channel sales and marketing division of InterVoice Inc., a NASDAQ listed technology company, between 2002 and 2007. He was nominated as a finalist for Young Director of the Year by the United Kingdom Institute of Directors in 2004 and 2005. Prior to InterVoice, he worked at Global Crossing Europe Ltd, a company in the technology sector, on its restructure between 1999 and 2002. Prior to this he was a senior manager in the telecommunications and media practice at PricewaterhouseCoopers from 1993 to 1999, including working on the privatization of the Saudi Telecommunications Corporation and the Initial Public Offering of Orange in the United Kingdom. He received an honors Bachelor of Science degree in biology from Bristol University in 1993 and received his Chartered Accountancy qualification in 1996.

Jamieson Reigle, aged 39, is the Company's Commercial Director and a Director of the Company. He is responsible for managing the sponsorship and licensing sales, relationship marketing, tours, events and commercial strategy teams globally. From 2012 to 2015, Mr. Reigle served as the Company's Managing Director, Asia Pacific responsible for the management and growth of the Company's business in the Asia Pacific region. Mr. Reigle joined Manchester United in 2007 and previously served as Director of Corporate Development with responsibility for the Company's capital structure, investor relations and growth strategy. Prior to Manchester United Limited, Mr. Reigle worked in private equity with The Carlyle Group and in investment banking with J.P. Morgan. He received a Bachelor of Arts degree in Economics from Dartmouth College and a Master of Business Administration from Stanford University's Graduate School of Business.

Cliff Baty, aged 46, is the Company's Chief Financial Officer. He was appointed in March 2016. He is responsible for managing all aspects of financial reporting and financial control of the Company. Prior to joining the Company, Mr. Baty served as Chief Financial Officer and member of the Board of Directors of Sportech plc, a leading pool betting operator and technology supplier, from 2013 to 2016. Prior to Sportech, he worked at Ladbrokes plc from 2006 to 2013 in a number of senior finance roles including Finance Director of its eGaming and International businesses, as well as Ladbrokes businesses in Spain, Italy and South Africa. Before that he was Group Financial Controller of Hilton Group plc from 2004 to 2006. He qualified as a Chartered Accountant with Ernst & Young, where he worked for 10 years. He received a Bachelor of Arts degree in Chemistry from Oriel College, Oxford University in 1992.

Kevin Glazer, aged 54, is a Director of the Company. He is currently a director of Red Football Limited and a director of Manchester United Limited. He is currently the Co-Chairman of First Allied Corporation. Mr. Glazer graduated from Ithaca College in 1984 with a Bachelor of Arts degree.

Bryan Glazer, aged 51, is a Director of the Company. He is currently a director of Red Football Limited and Manchester United Limited. He is the Co-Chairman of the Tampa Bay Buccaneers and also serves on the NFL's Digital Media Committee. Mr. Glazer serves on the board of directors of the Glazer Children's Museum. He received a bachelor's degree from the American University in Washington, D.C., in 1986 and received his law degree from Whittier College School of Law in 1989.

Darcie Glazer Kasewitz, aged 48, is a Director of the Company. She is currently a director of Red Football Limited. Ms. Glazer is the Co-President of the Glazer Family Foundation. She graduated cum laude from the American University in 1990 and received a law degree in 1993 from Suffolk Law School.

Edward Glazer, aged 46, is a Director of the Company. He is currently a non-executive director of Red Football Limited. He is Co-Chairman of the Tampa Bay Buccaneers. Mr. Glazer received a bachelor's degree from Ithaca College.

Robert Leitão, aged 53, is an Independent Director of the Company. He is Head of Rothschild's Global Financial Advisory business. Mr. Leitão joined Rothschild in 1998 as a Director and was appointed Managing Director in 2000, Head of Mergers and Acquisitions in 2001 and Head of UK Investment Banking in 2008. Prior to joining Rothschild, Mr. Leitão worked for Morgan Grenfell & Co. Limited in London, where he was appointed a Director in 1995. He also serves as Chairman of the Trustees of The Pennies Foundation. Mr. Leitão received a Bachelor of Science degree in engineering from the University of London in 1984. He received his Chartered Accountancy qualification in 1988.

Manu Sawhney, aged 49, is an Independent Director of the Company. With over 25 years of rich experience in the Asian media, entertainment and consumer products industry, Mr. Sawhney is the Chief Executive Officer of the Singapore Sports Hub, one of the largest sporting Public-Private Partnerships in the world, and the city-state's premier sporting, lifestyle and entertainment destination. Prior to his current role, Mr. Sawhney was the Managing Director of ESPN STAR Sports (ESS), a 50/50 joint venture for Asia between ESPN and News Corp, and reported directly to the Board. He was responsible for the overall business leadership & P&L of the company across 24 countries in Asia. Mr. Sawhney led ESS's growth and expansion across multiple platforms in various markets across Asia including business expansion in Taiwan, start-up of a new joint venture in Korea, consolidation of business in China and securing long term strategic partnerships in India, Malaysia, Indonesia and Singapore. Prior to heading ESS's Asia operations, Mr. Sawhney served as the Executive Vice President of Programming/Event Management/Marketing/ Network Presentation, wherein he negotiated and secured various multi-year renewals of key global and regional rights & affiliate deals. Mr. Sawhney also previously served as the Managing Director of ESS's South Asia business based out of India. Before joining ESS, he worked for 3 years with ITC Global Holdings, a subsidiary of British American Tobacco. After completing his engineering degree, Mr. Sawhney worked at Eicher Motors, a leading Indian farm equipment company. Mr. Sawhney holds a Bachelor's degree in Mechanical Engineering from the Birla Institute of Technology & Science, Pilani, India, and received his Masters in International Business from Indian Institute of Foreign Trade, New Delhi, India. Mr. Sawhney also served on the Steering Committee of the 28th South East Asian Games and was an advisor to STAR India (a wholly owned subsidiary of 21st Century Fox).

John Hooks, aged 60, is an Independent Director of the Company. He has been in the luxury fashion industry for over 35 years and has held positions in some of the sector's most influential companies. Having graduated from Oxford University, he entered the fashion industry through Gruppo Finanziario Tessile (GFT) in Turin. For three years he was the commercial director for the pret-a-porter collection of Valentino. From 1988 to 1994, based in Hong Kong, he was responsible for the establishment of GFT's regional subsidiaries in Japan, South Korea, Taiwan, Hong Kong, Australia as well as in mainland China (in 1988, the first major foreign fashion company to establish a direct presence in that country). From 1995 to 2000 he was Commercial and Regional Director of Jil Sander in Hamburg, Germany. In 2000, Mr. Hooks joined Giorgio Armani as Group Commercial and Marketing Director, considerably expanding the company's global wholesale and retail network. He was subsequently appointed Deputy Chairman of the Giorgio Armani Group. From 2011 to 2014, he was Group President of Ralph Lauren Europe and Middle East. Mr. Hooks is currently CEO of Pacific Global Management. He is Executive Chairman and CEO of Elite World and serves as a member of

the Board of Directors of La Perla. He is also on the board of Miroglio Fashion and is a senior adviser to McKinsey & Company.

Family Relationships

Our Executive Co-Chairmen and Directors Avram Glazer and Joel Glazer, and Directors Bryan Glazer, Kevin Glazer, Darcie Glazer Kasewitz and Edward Glazer are siblings.

Arrangements or Understandings

None of our executive officers or directors have any arrangement or understanding with our principal shareholder, customers, suppliers or other persons pursuant to which such executive officer or director was selected as an executive officer or director.

B. COMPENSATION

We set out below the amount of compensation paid and benefits in kind provided by us or our subsidiaries to our directors and members of the executive management for services in all capacities to our Company or our subsidiaries for the 2016 fiscal year, as well as the amount contributed by our Company or our subsidiaries to retirement benefit plans for our directors and members of the executive management board.

Directors and Executive Management Compensation

The compensation for each member of our executive management is comprised of the following elements: base salary, bonus, contractual benefits and pension contributions. The total amount of compensation (including share-based payments) paid or payable and benefits in kind provided to the members of our board of directors and our executive management employees for the fiscal year 2016 was £11.1 million. We do not currently maintain any bonus or profit-sharing plan for the benefit of the members of our executive management, however, certain members of our executive management are eligible to receive annual bonuses (including share-based awards) pursuant to the terms of their service agreements. The total amount set aside or accrued by us to provide pension, retirement or similar benefits to our directors and our executive management employees with respect to the fiscal year 2016 was £0.1 million.

Employment or Service Agreements

We have entered into written employment or service agreements with each of the members of our executive management, which agreements provide, among other things, for benefits upon a termination of employment. In order to align the interests of our executive management with our shareholders, members of our executive management are eligible to receive annual share-based awards (or cash and share-based awards) pursuant to our 2012 Equity Incentive Award Plan (the "Equity Plan"). The amount of the awards will generally be subject to the discretion of our board of directors and our remuneration committee. In order to encourage retention, the awards are eligible to become vested over a multi-year period following the date of grant. In connection with their receipt of the awards, each member of our executive management will agree to hold a minimum of that number of Class A ordinary shares with a value equal to such member's annual salary for so long as such member is employed by us.

We have not entered into written employment or service agreements with our outside directors, including any member of the Glazer family. However, we may in the future enter into employment or services agreements with such individuals, the terms of which may provide for, among other things, cash or equity based compensation and benefits.

Share-Based Compensation Awards

We currently have one share-based compensation award plan, namely the 2012 Equity Incentive Award Plan, established in 2012 (the “Equity Plan”)

The Equity Plan

The principal purpose of the Equity Plan is to attract, retain and motivate selected employees, consultants and non-employee directors through the granting of share-based and cash-based compensation awards. The principal features of the Equity Plan are summarized below.

During the year ended 30 June 2016 certain directors and members of executive management were awarded Class A ordinary shares, pursuant to the Equity Plan. These shares are subject to varying vesting schedules over a multi-year period. The fair value of these shares was the quoted market price on the date of award. Details of the share awards outstanding and therefore potentially issuable as new shares are as follows:

	<u>Number of Class A ordinary shares</u>
Outstanding at beginning of the year	259,155
Awarded during the year	186,626
Vested during the year	<u>(152,206)</u>
Outstanding at the end of the year	<u>293,575</u>

The fair value of shares awarded during the year was \$15.75 (£11.81) per share.

Share reserve

Under the Equity Plan, 16,000,000 shares of our Class A ordinary shares are reserved for issuance pursuant to a variety of share-based compensation awards, including share options, share appreciation rights, or SARs, restricted share awards, restricted share unit awards, deferred share awards, deferred share unit awards, dividend equivalent awards, share payment awards and other share-based awards. Of these reserved shares, assuming the above outstanding share awards fully vest, 15,366,845 remain available for issuance as of 8 September 2016.

Administration

The remuneration committee of our board of directors (or other committee as our board of directors may appoint) administers the Equity Plan unless our board of directors assumes authority for administration. Subject to the terms and conditions of the Equity Plan, the administrator has the authority to select the persons to whom awards are to be made, determines the types of awards to be granted, the number of shares to be subject to awards and the terms and conditions of awards, and makes all other determinations and can take all other actions necessary or advisable for the administration of the Equity Plan. The administrator is also authorized to adopt, amend or rescind rules relating to the administration of the Equity Plan. Our board of directors has the authority at all times to remove the remuneration committee (or other applicable committee) as the administrator and reinstate itself as the authority to administer the Equity Plan.

Eligibility

The Equity Plan provides that share options, share appreciation rights (“SARs”), restricted shares and all other awards may be granted to individuals who will then be our non-employee directors, officers, employees or consultants or the non-employee directors, officers, employees or consultants of certain of our subsidiaries.

Awards

The Equity Plan provides that the administrator may grant or issue share options, SARs, restricted shares, restricted share units, deferred shares, deferred share units, dividend equivalents, share payments and other share-based awards, or any combination thereof. Each award will be set forth in a separate agreement with the person receiving the award and will indicate the type, terms and conditions of the award.

- *Share Options* provide for the right to purchase Class A ordinary shares at a specified price, and usually will become exercisable (at the discretion of the administrator) in one or more installments after the grant date, subject to the participant's continued employment or service with us and/or subject to the satisfaction of corporate performance targets and/or individual performance targets established by the administrator.
- *Restricted Shares* may be granted to any eligible individual selected by the administrator and are made subject to such restrictions as may be determined by the administrator. Restricted shares, typically, are forfeited for no consideration or repurchased by us at the original purchase price (if applicable) if the conditions or restrictions on vesting are not met. The Equity Plan provides that restricted shares generally may not be sold or otherwise transferred until the applicable restrictions are removed or expire. Recipients of restricted shares, unlike recipients of share options, have voting rights and have the right to receive dividends, if any, prior to the time when the restrictions lapse, however, extraordinary dividends will generally be placed in escrow, and will not be released until the restrictions are removed or expire.
- *Restricted Share Units* may be awarded to any eligible individual selected by the administrator, typically without payment of consideration, but subject to vesting conditions based on continued employment or service or on performance criteria established by the administrator. The Equity Plan provides that, like restricted shares, restricted share units may not be sold, or otherwise transferred or hypothecated, until vesting conditions are removed or expire. Unlike restricted shares, Class A ordinary shares underlying restricted share units are not issued until the restricted share units have vested, and recipients of restricted share units generally have no voting or dividend rights prior to the time when vesting conditions are satisfied and the Class A ordinary shares are issued.
- *Deferred Share Awards* represent the right to receive Class A ordinary shares on a future date. The Equity Plan provides that deferred shares may not be sold or otherwise hypothecated or transferred until issued. Deferred shares are not issued until the deferred share award has vested, and recipients of deferred shares generally have no voting or dividend rights prior to the time when the vesting conditions are satisfied and the Class A ordinary shares are issued. Deferred share awards generally will be forfeited, and the underlying Class A ordinary shares of deferred shares will not be issued, if the applicable vesting conditions and other restrictions are not met.
- *Deferred Share Unit Awards* may be awarded to any eligible individual selected by the administrator, typically without payment of consideration, but subject to vesting conditions based on continued employment or service or on performance criteria established by the administrator. Each deferred share unit award entitles the holder thereof to receive one share of our Class A ordinary shares on the date the deferred share unit becomes vested or upon a specified settlement date thereafter. The Equity Plan provides that, like deferred shares, deferred share units may not be sold or otherwise hypothecated or transferred until vesting conditions are removed or expire. Unlike deferred shares, deferred share units may provide that Class A ordinary shares in respect of underlying deferred share units will not be issued until a specified date or event following the vesting date. Recipients of deferred share units generally have no

voting or dividend rights prior to the time when the vesting conditions are satisfied and the Class A ordinary shares underlying the award have been issued to the holder

- *Share Appreciation Rights*, or SARs, may be granted in the administrator's discretion separately or in connection with share options or other awards. SARs granted in connection with share options or other awards typically provide for payments to the holder based upon increases in the price of our Class A ordinary shares over a set exercise price. There are no restrictions specified in the Equity Plan on the exercise of SARs or the amount of gain realizable therefrom, although the Equity Plan provides that restrictions may be imposed by the administrator in the SAR agreements. SARs under the Equity Plan may be settled in cash or Class A ordinary shares, or in a combination of both, at the election of the administrator.
- *Dividend Equivalents* represent the value of the dividends, if any, per Class A ordinary share paid by us, calculated with reference to the number of Class A ordinary shares covered by the award. The Equity Plan provides that dividend equivalents may be settled in cash or Class A ordinary shares and at such times as determined by the administrator.
- *Share Payments* are payments made to employees, consultants or non-employee directors in the form of Class A ordinary shares or an option or other right to purchase Class A ordinary shares. Share payments may be made as part of a bonus, deferred compensation or other arrangement and may be subject to a vesting schedule, including vesting upon the attainment of performance criteria, in which case the share payment will not be made until the vesting criteria have been satisfied. Share payments may be made in lieu of cash compensation that would otherwise be payable to the employee, consultant or non-employee director or share payments may be made as a bonus payment in addition to compensation otherwise payable to such individuals.

Change in control

The Equity Plan provides that the administrator may, in its discretion, provide that awards issued under the Equity Plan are subject to acceleration, cash-out, termination, assumption, substitution or conversion of such awards in the event of a change in control or certain other unusual or nonrecurring events or transactions. In addition, the administrator also has complete discretion to structure one or more awards under the Equity Plan to provide that such awards become vested and exercisable or payable on an accelerated basis in the event such awards are assumed or replaced with equivalent awards but the individual's service with us or the acquiring entity is subsequently terminated within a designated period following the change in control event. A change in control event under the Equity Plan is generally defined as a merger, consolidation, reorganization or business combination in which we are involved, directly or indirectly (other than a merger, consolidation, reorganization or business combination which results in our outstanding voting securities immediately before the transaction continuing to represent a majority of the voting power of the acquiring company's outstanding voting securities) after which a person or group (other than our existing equity-holders) beneficially owns more than 50% of the outstanding voting securities of the surviving entity immediately after the transaction, or the sale, exchange or transfer of all or substantially all of our assets.

Adjustments of awards

In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off, recapitalization, distribution of our assets to shareholders (other than normal cash dividends) or any other corporate event affecting the number of outstanding Class A ordinary shares in our capital or the share price of our Class A ordinary shares that would require adjustments to the Equity Plan or any awards under the Equity Plan in order to prevent the dilution or enlargement of the potential benefits intended to be made available thereunder, the Equity Plan provides that the administrator may make equitable adjustments, as determined in its discretion, to the aggregate number

and type of shares subject to the Equity Plan, the number and kind of shares subject to outstanding awards and the terms and conditions of outstanding awards (including, without limitation, any applicable performance targets or criteria with respect to such awards), and the grant or exercise price per share of any outstanding awards under the Equity Plan

Amendment and termination

The Equity Plan provides that our board of directors or the remuneration committee (with the approval of the board of directors) may terminate, amend or modify the Equity Plan at any time and from time to time. However, the Equity Plan generally requires us to obtain shareholder approval to the extent required by applicable law, rule or regulation (including any applicable stock exchange law), including in connection with any amendments to increase the number of shares available under the Equity Plan (other than in connection with certain corporate events, as described above)

Securities laws

The Equity Plan is designed to comply with all applicable provisions of the Securities Act and the Exchange Act and, to the extent applicable, any and all regulations and rules promulgated by the SEC thereunder. The Equity Plan is administered, and stock options will be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. On 13 August 2012, we filed with the SEC a registration statement on Form S-8 covering Class A ordinary shares issuable under the Equity Plan.

UK Subplan

Our board of directors approved the 2012 UK Company Share Option UK Sub-Plan on 10 September 2013. This is a sub-plan to the Equity Plan which allows for the grant of stock options in a tax efficient manner to employees who are UK residents. It derives its powers and authority from the Equity Plan and does not create any enhanced or additional rights. This sub-plan does not increase the share reserve under the Equity Plan.

C. BOARD PRACTICES

Board of Directors

We currently have 12 directors, three of whom are independent directors, on our board of directors. Any director on our board may be removed by way of an ordinary resolution of shareholders or by our shareholders holding a majority of the voting power of our outstanding ordinary shares by notice in writing to the Company. Any vacancies on our board of directors or additions to the existing board of directors can be filled by our shareholders holding a majority of the voting power of our outstanding ordinary shares by notice in writing to the Company. Each of our directors holds office until he resigns or is recused from office as discussed above.

Committees of the Board of Directors and Corporate Governance

Our board of directors has established an audit committee and a remuneration committee. The composition and responsibilities of each committee are described below. Members will serve on these committees until their resignation or until otherwise determined by our board of directors. In the future, our board of directors may establish other committees, as it deems appropriate, to assist with its responsibilities.

Audit committee

Our audit committee consists of Messrs Robert Leitão, Manu Sawhney and John Hooks. Our board of directors determined that Messrs Robert Leitão, Manu Sawhney and John Hooks satisfy the “independence” requirements set forth in Rule 10A-3 under the Exchange Act. Mr Robert Leitão acts as chairman of our audit committee and satisfies the criteria of an audit committee financial expert as set forth under the applicable rules of the Exchange Act. A copy of our audit committee charter is available on our website. The inclusion of our website in this Annual Report does not include or incorporate by reference the information on our website into this Annual Report. The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. The audit committee is responsible for, among other things

- selecting our independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by our independent registered public accounting firm,
- reviewing with our independent registered public accounting firm any audit issues or difficulties and management’s response,
- discussing the annual audited financial statements with management and our independent registered public accounting firm,
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of significant control deficiencies,
- annually reviewing and reassessing the adequacy of our audit committee charter,
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time, and
- meeting separately and periodically with management, our internal auditors and our independent registered public accounting firm

Remuneration committee

Our remuneration committee consists of Messrs Joel Glazer, Avram Glazer and Robert Leitão. Mr Joel Glazer is the chairman of our remuneration committee. A copy of our remuneration committee charter is available on our website. The inclusion of our website in this Annual Report does not include or incorporate by reference the information on our website into this Annual Report. The remuneration committee is responsible for, among other things

- determining the levels of remuneration for each of our executive officers and directors, however, no member of the remuneration committee will participate in decisions relating to his or her remuneration,
- establishing and reviewing the objectives of our management compensation programs and compensation policies,
- reviewing and approving corporate goals and objectives relevant to the remuneration of senior management, including annual and long-term performance goals and objectives,
- evaluating the performance of members of senior management and recommending and monitoring the remuneration of members of senior management, and
- reviewing, approving and recommending the adoption of any equity-based or non-equity based compensation plan for our employees or consultants and administering such plan

We have availed ourselves of certain exemptions afforded to foreign private issuers under New York Stock Exchange rules, which exempt us from the requirement that we have a remuneration committee composed entirely of independent directors

D EMPLOYEES

Employees

The average monthly number of employees during the years ended 30 June 2016, 2015 and 2014, including directors, was as follows

	2016 Number	2015 Number	2014 Number
Average number of employees			
Football—players	74	73	79
Football—technical and coaching	94	89	92
Commercial	111	122	138
Media	94	89	91
Administration and other	426	440	469
Average monthly number of employees	<u>799</u>	<u>813</u>	<u>869</u>

We are not a signatory to any labor union collective bargaining agreement. We also engaged approximately 2,124, 2,275 and 2,323 temporary employees in fiscal years 2016, 2015 and 2014, respectively, on a regular basis to perform, among other things, catering, security, ticketing, hospitality and marketing services during Matchdays at Old Trafford. Compensation to full-time and temporary employees is accounted for in our employee benefit expenses.

E. SHARE OWNERSHIP

The following table shows the number of shares owned by our directors and members of our executive management as of 8 September 2016

	Class A Ordinary Shares	%	Class B Ordinary Shares	%	% of Total Voting Power(1)
Avram Glazer(2)(3)	—	—	7,000,000	5.65%	5.47%
Joel Glazer(2)(4)	—	—	7,000,000	5.65%	5.47%
Edward Woodward	(*)	(*)	—	—	(*)
Richard Arnold	(*)	(*)	—	—	(*)
Jameson Reigle	(*)	(*)	—	—	(*)
Cliff Baty	(*)	(*)	—	—	(*)
Kevin Glazer(2)(5)	—	—	7,000,000	5.65%	5.47%
Bryan Glazer(2)(6)	—	—	7,000,000	5.65%	5.47%
Darcie Glazer Kasowitz(2)(7)	—	—	7,000,000	5.65%	5.47%
Edward Glazer(2)(8)	—	—	4,000,000	3.23%	3.12%
Robert Leitão	—	—	—	—	—
Manu Sawhney	—	—	—	—	—
John Hooks	—	—	—	—	—

- (1) Percentage of total voting power represents voting power with respect to all of our Class A and Class B ordinary shares, as a single class. The holders of our Class B ordinary shares are entitled to 10 votes per share, and holders of our Class A ordinary shares are entitled to one vote per share.

- (2) Red Football LLC is a wholly-owned subsidiary of Red Football Limited Partnership. The general partner of Red Football Limited Partnership is Red Football General Partner Inc. Trusts controlled by six lineal descendants of Mr. Malcolm Glazer each own an equal number of shares of Red Football General Partner Inc., as well as an equal percentage of the limited partnership interests in Red Football Limited Partnership. These lineal descendants of Mr. Glazer are also directors of Red Football General Partner Inc. The six lineal descendants of Mr. Glazer are Avram Glazer, Joel Glazer, Bryan Glazer, Edward Glazer, Darcie Glazer Kasewitz and Kevin Glazer. Joel Glazer is the president of Red Football General Partner Inc. The lineal descendants of Mr. Malcolm Glazer may be deemed to share beneficial ownership of the shares held by Red Football Limited Partnership as a result of their status as shareholders of Red Football General Partner Inc., President of Red Football General Partner Inc. (with respect to Joel Glazer) and holders of limited partnership interests in Red Football Limited Partnership. Information on Red Football LLC's shareholding in the Company can be found in "Item 7 Major Shareholders and Related Party Transactions—A Major Shareholders"
- (3) Shares owned by Avram Glazer Irrevocable Exempt Trust, of which Avram Glazer is the sole trustee
- (4) Shares owned by Joel M. Glazer Irrevocable Exempt Trust, of which Joel Glazer is the sole trustee
- (5) Shares owned by Kevin Glazer Irrevocable Exempt Family Trust, of which Kevin Glazer is the sole trustee
- (6) Shares owned by Bryan G. Glazer Irrevocable Exempt Trust, of which Bryan Glazer is the sole trustee
- (7) Shares owned by Darcie S. Glazer Irrevocable Exempt Trust, of which Darcie Glazer Kasewitz is the sole trustee
- (8) Shares owned by Edward S. Glazer Irrevocable Exempt Trust, of which Edward Glazer is the sole trustee
- (*) These directors and members of our executive management individually own less than 1% of our Class A ordinary shares

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table shows our major shareholders (shareholders that are beneficial owners of 5% or more of each class of the Company's voting shares) as of 8 September 2016, based on notifications made to the Company or public filings

	Class A Ordinary Shares	%	Class B Ordinary Shares	%	% of Total Voting Power(1)
Red Football LLC(2)	8,019,033	20.03%	85,000,000	68.55%	67.03%
Baron Capital Group, Inc	15,089,806	37.70%	—	—	1.18%
Lansdowne Partners Limited	4,941,440	12.35%	—	—	0.39%
Jupiter Asset Management Limited	2,806,959	7.01%	—	—	0.22%
FMR LLC	2,436,475	6.09%	—	—	0.19%
Avram Glazer Irrevocable Exempt Trust	—	—	7,000,000	5.65%	5.47%
Joel M. Glazer Irrevocable Exempt Trust	—	—	7,000,000	5.65%	5.47%
Kevin Glazer Irrevocable Exempt Family Trust	—	—	7,000,000	5.65%	5.47%
Bryan G. Glazer Irrevocable Exempt Trust	—	—	7,000,000	5.65%	5.47%
Darcie S. Glazer Irrevocable Exempt Trust	—	—	7,000,000	5.65%	5.47%

(1) Percentage of total voting power represents voting power with respect to all of our Class A and Class B ordinary shares, as a single class. The holders of our Class B ordinary shares are entitled to 10 votes per share, and holders of our Class A ordinary shares are entitled to one vote per share.

(2) See "Controlling Shareholder" below for further information on Red Football LLC.

Since 8 September 2013, the only significant changes of which we have been notified in the percentage ownership of our shares by our major shareholders described above were that

- on 14 August 2014, Tybourne Capital Management (HK) Limited made a public filing that it held 3,060,052 of our Class A ordinary shares, representing 0.24% of total voting power,
- on 6 August 2014, Blackrock Inc. made a public filing that it held 2,965,726 of our Class A ordinary shares, representing 0.23% of total voting power,
- on 14 August 2014, Lansdowne Partners Limited made a public filing that it held 2,731,445 of our Class A ordinary shares, representing 0.21% of total voting power,
- on 9 September 2014, FMR LLC made a public filing that it held 3,981,000 of our Class A ordinary shares, representing 0.31% of total voting power,
- on 10 September 2014, Baron Capital Group, Inc. made a public filing that it held 15,026,190 of our Class A ordinary shares, representing 1.17% of total voting power,
- on 12 December 2014, the Edward S. Glazer Irrevocable Exempt Trust made a public filing that it held 450,000 of our Class A ordinary shares and 50,000 of our Class B ordinary shares, representing 0.07% of total voting power,
- on 30 January 2015, Blackrock, Inc. made a public filing that it held 2,411,645 of our Class A ordinary shares, representing 0.19% of total voting power,
- on 13 February 2015, Tybourne Capital Management (HK) Limited made a public filing that it no longer held any of our Class A ordinary shares,

- on 13 February 2015, FMR LLC made a public filing that it held 3,977,700 of our Class A ordinary shares, representing 0.31% of total voting power,
- on 17 February 2015, Lansdowne Partners (UK) LLP made a public filing that it held 3,931,445 of our Class A ordinary shares, representing 0.31% of total voting power,
- on 17 February 2015, Baron Capital Group, Inc. made a public filing that it held 16,094,792 of our Class A ordinary shares, representing 1.26% of total voting power,
- on 17 February 2015, Red Football LLC made a public filing that it held 7,569,033 of our Class A ordinary shares and 106,450,000 of our Class B ordinary shares, representing 83.77% of total voting power,
- on 20 February 2015, Jupiter Asset Management Limited made a public filing that it held 2,172,182 of our Class A ordinary shares, representing 0.17% of total voting power,
- on 10 March 2015, Blackrock, Inc. made a public filing that it held 908,760 of our Class A ordinary shares, representing 0.07% of total voting power,
- on 13 August 2015, Lansdowne Partners (UK) LLP made a public filing that it held 3,931,445 of our Class A ordinary shares, representing 0.31% of total voting power,
- on 14 August 2015, Avram Glazer Irrevocable Exempt Trust made a public filing that it held 7,000,000 of our Class B ordinary shares, representing 5.47% of total voting power,
- on 14 August 2015, Joel M. Glazer Irrevocable Exempt Trust made a public filing that it held 7,000,000 of our Class B ordinary shares, representing 5.47% of total voting power,
- on 14 August 2015, Kevin Glazer Irrevocable Exempt Family Trust made a public filing that it held 7,000,000 of our Class B ordinary shares, representing 5.47% of total voting power,
- on 14 August 2015, Bryan G. Glazer Irrevocable Exempt Trust made a public filing that it held 7,000,000 of our Class B ordinary shares, representing 5.47% of total voting power,
- on 14 August 2015, Darcie S. Glazer Irrevocable Exempt Trust made a public filing that it held 7,000,000 of our Class B ordinary shares, representing 5.47% of total voting power,
- on 14 August 2015, Edward S. Glazer Irrevocable Exempt Trust made a public filing that it held 4,000,000 of our Class B ordinary shares, representing 3.13% of total voting power,
- on 14 August 2015, Baron Capital Group Inc. made a public filing that it held 16,149,730 of our Class A ordinary shares, representing 1.26% of total voting power,
- on 25 August 2015, FMR LLC made a public filing that it held 3,979,700 of our Class A ordinary shares, representing 0.31% of total voting power,
- on 8 January 2016, Lansdowne Partners (UK) LLP made a public filing that it held 4,941,440 of our Class A ordinary shares, representing 0.39% of total voting power,
- on 12 February 2016, FMR LLC made a public filing that it held 2,912,144 of our Class A ordinary shares, representing 0.23% of total voting power,
- on 12 February 2016, Jupiter Asset Management Limited made a public filing that it held 2,723,839 of our Class A ordinary shares, representing 0.21% of total voting power,
- on 12 February 2016, Red Football LLC made a public filing that it held 8,019,033 of our Class A ordinary shares and 85,000,000 of our Class B ordinary shares, representing 67.03% of total voting power,

- on 16 February 2016, Baron Capital Group Inc made a public filing that it held 15,748,438 of our Class A ordinary shares, representing 1 23% of total voting power,
- on 10 August 2016, Jupiter Asset Management Limited made a public filing that it held 2,806,959 of our Class A ordinary shares, representing 0 22% of total voting power,
- on 11 August 2016, FMR LLC made a public filing that it held 2,436,475 of our Class A ordinary shares, representing 0 19% of total voting power, and
- on 15 August 2016, Baron Capital Group Inc made a public filing that it held 15,089,806 of our Class A ordinary shares, representing 1 18% of total voting power

U.S. Resident Shareholders of Record

As a number of our shares are held in book-entry form, we are not aware of the identity of all our shareholders. As of 8 September 2016, we had 40,023,157 Class A ordinary shares held by 2,589 U S resident shareholders of record, representing approximately 3 13% of total voting power and 124,000,000 Class B ordinary shares held by seven U S resident shareholders of record, representing approximately 96 87% of total voting power.

Controlling Shareholder

Our controlling shareholder is Red Football LLC, a Delaware limited liability company. Red Football LLC is a wholly-owned subsidiary of Red Football Limited Partnership. The general partner of Red Football Limited Partnership is Red Football General Partner Inc. Trusts controlled by six lineal descendants of Mr. Malcolm Glazer each own an equal number of shares of Red Football General Partner Inc., as well as an equal percentage of the limited partnership interests in Red Football Limited Partnership. These lineal descendants of Mr. Glazer are also directors of Red Football General Partner Inc. The six lineal descendants of Mr. Glazer are Avram Glazer, Joel Glazer, Bryan Glazer, Edward Glazer, Darcie Glazer Kassewitz and Kevin Glazer. Joel Glazer is the president of Red Football General Partner Inc. The lineal descendants of Mr. Malcolm Glazer may be deemed to share beneficial ownership of the shares held by Red Football Limited Partnership as a result of their status as shareholders of Red Football General Partner Inc., President of Red Football General Partner Inc. (with respect to Joel Glazer) and holders of limited partnership interests in Red Football Limited Partnership.

As of 8 September 2016, Red Football LLC owned 8,019,033 of our Class A ordinary shares and 85,000,000 of our Class B ordinary shares, representing in total 67 03% of total voting power.

Shareholders' Arrangements

As of 8 September 2016, the Company was not aware of any shareholders' arrangements which may result in a change of control of the Company.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Consolidated Financial Statements

See "Item 18 Financial Statements."

Legal and Arbitration Proceedings

There have been no governmental, judicial or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) during the period between 1 July

2013 and the date of this Annual Report which may have, or have had in the recent past, significant effects on our financial position and profitability

Dividend Policy

In fiscal year 2016 we began paying a regular quarterly cash dividend on our Class A ordinary shares and Class B ordinary shares of \$0.045 per share. Our board of directors recently approved replacing the previous quarterly cash dividend with a regular semi-annual cash dividend of \$0.09 per share. We expect to continue paying regular dividends to our Class A ordinary shareholders and Class B ordinary shareholders from our operating cash flows. The declaration and payment of any future dividends, however, will be at the sole discretion of our board of directors or a committee thereof based on its consideration of numerous factors, including our operating results, financial condition and anticipated capital requirements, in addition to the various other considerations discussed below.

If we do pay a cash dividend on our Class A ordinary shares and Class B ordinary shares in the future, we will pay such dividend out of our profits or share premium (subject to solvency requirements) as permitted under Cayman Islands law. Our board of directors has complete discretion regarding the declaration and payment of dividends, and our principal shareholder will be able to influence our dividend policy.

The decision by our board of directors (or a committee thereof) to declare and pay dividends in the future and the amount of any future dividend payments we may make will depend on, among other factors, our strategy, future earnings, financial condition, cash flow, working capital requirements, capital expenditures and applicable provisions of our amended and restated memorandum and articles of association. Any profits or share premium we declare as dividends will not be available to be reinvested in our operations. Moreover, we are a holding company that does not conduct any business operations of our own. As a result, we are dependent upon cash dividends, distributions and other transfers from our subsidiaries to make dividend payments, and the terms of our subsidiaries' debt and other agreements restrict the ability of our subsidiaries to make dividends or other distributions to us. Specifically, pursuant to the our revolving facility, our secured term loan facility and the note purchase agreement governing our 2027 Notes, there are restrictions on our subsidiaries' ability to distribute dividends to us, and dividend distributions by our subsidiaries are the principal means by which we would have the necessary funds to pay dividends on our Class A ordinary shares and Class B ordinary shares for the foreseeable future. See "Item 5 Operating and Financial Review and Prospects—B Liquidity and Capital Resources—Indebtedness." As a consequence of these limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our Class A ordinary shares and Class B ordinary shares.

Any dividends we declare in the future on our ordinary shares will be in respect of both our Class A ordinary shares and Class B ordinary shares, and will be distributed such that a holder of one of our Class B ordinary shares will receive the same amount of the dividends that are received by a holder of one of our Class A ordinary shares. We will not declare any dividend with respect to the Class A ordinary shares without declaring a dividend on the Class B ordinary shares, and vice versa.

B. SIGNIFICANT CHANGES

Registrations

The playing registrations of certain footballers have been disposed of, subsequent to 30 June 2016, for total proceeds, net of associated costs, of £7,717,000. The associated net book value was £126,000.

Subsequent to 30 June 2016 the playing registrations of certain players were acquired or extended for a total consideration, including associated costs, of £160,565,000.

ITEM 9. THE OFFER AND LISTING

Price History of Stock

Ordinary shares listed on the New York Stock Exchange

Our shares were approved for listing on the New York Stock Exchange on 10 August 2012. Prior to this listing, no public market existed for our ordinary shares. The table below shows the quoted high and low closing sales prices in US dollars on the New York Stock Exchange for our shares for the indicated periods.

	Per Share	
	High	Low
	(in USD)	
Annual		
FY 2016	18.99	13.33
FY 2015	19.63	14.78
FY 2014	18.78	14.47
FY 2013 (10 August 2012 through 30 June 2013)	19.04	12.18
Quarterly		
FY 2017		
<i>First Quarter (through 7 September 2016)</i>	17.31	15.72
FY2016		
<i>First Quarter</i>	18.80	17.16
<i>Second Quarter</i>	18.99	17.30
<i>Third Quarter</i>	17.50	13.33
<i>Fourth Quarter</i>	17.73	13.79
FY2015		
<i>First Quarter</i>	19.63	15.19
<i>Second Quarter</i>	16.58	14.78
<i>Third Quarter</i>	17.41	15.26
<i>Fourth Quarter</i>	18.42	15.15
Monthly		
2016		
<i>March</i>	14.44	13.33
<i>April</i>	17.73	13.79
<i>May</i>	17.18	16.20
<i>June</i>	17.01	15.67
<i>July</i>	16.20	15.49
<i>August</i>	16.81	15.72
<i>September (through 7 September 2016)</i>	17.31	17.04

Markets

We are incorporated under the Companies Law (2011 Revision) of the Cayman Islands, as amended and restated from time to time and our shares are listed on the New York Stock Exchange under the symbol "MANU". As of 8 September 2016 we had 164,025,280 ordinary shares listed (comprising 40,025,280 Class A ordinary shares and 124,000,000 Class B ordinary shares).

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable

B. MEMORANDUM AND ARTICLES OF ASSOCIATION AND OTHER SHARE INFORMATION

A copy of our amended and restated memorandum and articles of association is attached as Exhibit 1.1 to this Annual Report. The information called for by this Item has been reported previously in our Registration Statement on Form F-1 (File No. 333-182535), filed with the SEC on 3 July 2012, as amended, under the heading “Description of Share Capital,” and is incorporated by reference into this Annual Report.

C. MATERIAL CONTRACTS

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we are or have been a party, for the two years immediately preceding the date of this Annual Report.

- *Agreement*, dated 19 May 2008, between The Royal Bank of Scotland plc, as agent for National Westminster Bank plc, and Alderley Urban Investments. A copy of the Agreement is included as Exhibit 4.1 to this Annual Report.
- *Amendment and Restatement Agreement relating to the Secured Term Facility*, dated 11 August 2014, between Red Football Limited and Bank of America, N.A., as Agent and Original Lender. A copy of the Agreement is included as Exhibit 4.2 to this Annual Report.
- *Amendment and Restatement Agreement relating to the Secured Term Facility*, dated 15 May 2015, among Red Football Limited, Bank of America, N.A., as Original Agent, and Bank of America Merrill Lynch International Limited, as Agent and Lender. A copy of the Agreement is included as Exhibit 4.3 to this Annual Report.
- *New Revolving Facilities Agreement*, dated 22 May 2015, among Red Football Limited, MU Finance plc, the guarantors party thereto, Bank of America, N.A., as Arranger, the Original Lenders named therein, and Bank of America Merrill Lynch International Limited, as Agent and Security Trustee. A copy of the Agreement is included as Exhibit 4.4 to this Annual Report.
- *Note Purchase Agreement*, dated 27 May 2015, among MU Finance plc, the guarantors party thereto, the purchasers listed therein and the Bank of New York Mellon, as Paying Agent. A copy of the Agreement is included as Exhibit 4.5 to this Annual Report.
- *Term Facility Amendment Letter*, dated 26 June 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender. A copy of the Letter is included as Exhibit 4.6 to this Annual Report.
- *Second Term Facility Amendment Letter*, dated 11 September 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender. A copy of the Letter is included as Exhibit 4.7 to this Annual Report.
- *Revolving Facilities Amendment Letter*, dated 7 October 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender. A copy of the Agreement is included as Exhibit 4.8 to this Annual Report.
- *Premier League Handbook, Season 2015/16*. As a member of the Football Association Premier League, we are subject to the terms of the Premier League Handbook, Season 2015/16. A copy of the Handbook is included as Exhibit 4.10 to this Annual Report.
- *Premier League Handbook, Season 2016/17*. As a member of the Football Association Premier League, we are subject to the terms of the Premier League Handbook, Season 2016/17. A copy of the Handbook is included as Exhibit 4.11 to this Annual Report.

D. EXCHANGE CONTROLS

There are no Cayman Islands exchange control regulations that would affect the import or export of capital or the remittance of dividends, interest or other payments to non-resident holders of our shares

E. TAXATION

The following is a summary of material US federal income tax consequences relevant to US Holders and Non-US Holders (each as defined below) acquiring, holding and disposing of the Company's Class A ordinary shares. This summary is based on the Code, final, temporary and proposed US Treasury regulations and administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect. Furthermore, we can provide no assurance that the tax consequences contained in this summary will not be challenged by the Internal Revenue Service (the "IRS") or will be sustained by a court if challenged.

This summary does not discuss all aspects of US federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules, including without limitation the following, all of whom may be subject to tax rules that differ significantly from those summarized below:

- financial institutions,
- insurance companies,
- dealers in stocks, securities, or currencies or notional principal contracts,
- regulated investment companies,
- real estate investment trusts,
- tax-exempt organizations,
- partnerships and other pass-through entities, or persons that hold Class A ordinary shares through pass-through entities,
- investors that hold Class A ordinary shares as part of a straddle, conversion, constructive sale or other integrated transaction for US federal income tax purposes,
- US holders that have a functional currency other than the US dollar, and
- US expatriates and former long-term residents of the United States

This summary does not address alternative minimum tax consequences or non-income tax consequences, such as estate or gift tax consequences, and does not address state, local or non-US tax consequences. This summary only addresses investors that hold Class A ordinary shares and not Class B ordinary shares, and it assumes that investors hold their Class A ordinary shares as capital assets (generally, property held for investment).

For purposes of this summary, a "US Holder" is a beneficial owner of the Company's Class A ordinary shares that is, for US federal income tax purposes:

- an individual who is a citizen or resident of the United States,
- a corporation created in, or organized under the laws of, the United States, any state thereof or the District of Columbia,
- an estate the income of which is includible in gross income for US federal income tax purposes regardless of its source, or

- a trust that (i) is subject to the primary supervision of a US court and the control of one or more US persons or (ii) has a valid election in effect under applicable Treasury regulations to be treated as a US person

A “Non-US Holder” is a beneficial owner of the Company’s Class A ordinary shares that is not a US Holder

If an entity treated as a partnership for US federal income tax purposes holds the Company’s Class A ordinary shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships considering an investment in the Class A ordinary shares are encouraged to consult their tax advisors regarding the tax consequences of the ownership and disposition of Class A ordinary shares.

Treatment of the Company as a Domestic Corporation for US Federal Income Tax Purposes

Even though the Company is organized as a Cayman Islands exempted company, due to the circumstances of its formation and the application of Section 7874 of the Code, the Company reports as a domestic corporation for US federal income tax purposes. This has implications for all shareholders; the Company is subject to US federal income tax as if it were a US corporation, and distributions made by the Company are generally treated as US-source dividends and generally subject to US dividend withholding tax.

US Holders

Distributions

Distributions made by the Company in respect of its Class A ordinary shares will be treated as US-source dividends includible in the gross income of a US Holder as ordinary income to the extent of the Company’s current and accumulated earnings and profits, as determined under US federal income tax principles. To the extent the amount of a distribution exceeds the Company’s current and accumulated earnings and profits, the distribution will be treated first as a non-taxable return of capital to the extent of a US Holder’s adjusted tax basis in the Class A ordinary shares and thereafter as gain from the sale of such shares. Subject to applicable limitations and requirements, dividends received on the Class A ordinary shares generally should be eligible for the “dividends received deduction” available to corporate shareholders. A dividend paid by the Company to a non-corporate US Holder generally will be eligible for preferential rates if certain holding period requirements are met.

The US dollar value of any distribution made by the Company in foreign currency will be calculated by reference to the exchange rate in effect on the date of the US Holder’s actual or constructive receipt of such distribution, regardless of whether the foreign currency is in fact converted into US dollars. If the foreign currency is converted into US dollars on such date of receipt, the US Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency is not converted into US dollars on the date of receipt, such US Holder will have a basis in the foreign currency equal to its US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other taxable disposition of the foreign currency generally will be US-source ordinary income or loss to such US Holder.

Sale or other disposition

A US Holder will recognize gain or loss for US federal income tax purposes upon a sale or other taxable disposition of its Class A ordinary shares in an amount equal to the difference between the amount realized from such sale or disposition and the US Holder’s adjusted tax basis in the Class A ordinary shares. A US Holder’s adjusted tax basis in the Class A ordinary shares generally will be the US Holder’s cost for the shares. Any such gain or loss generally will be US-source capital gain or loss.

and will be long-term capital gain or loss if, on the date of sale or disposition, such US Holder held the Class A ordinary shares for more than one year. Long-term capital gains derived by non-corporate US Holders are eligible for taxation at reduced rates. The deductibility of capital losses is subject to significant limitations.

Information reporting and backup withholding

Payments of dividends on or proceeds arising from the sale or other taxable disposition of Class A ordinary shares generally will be subject to information reporting and backup withholding if a US Holder (i) fails to furnish such US Holder's correct US taxpayer identification number (generally on IRS Form W-9), (ii) furnishes an incorrect US taxpayer identification number, (iii) is notified by the IRS that such US Holder has previously failed to properly report items subject to backup withholding, or (iv) fails to certify under penalty of perjury that such US Holder has furnished its correct US taxpayer identification number and that the IRS has not notified such US Holder that it is subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a credit against a US Holder's US federal income tax liability or will be refunded, if the US Holder furnishes the required information to the IRS in a timely manner.

Non-US Holders

Distributions

Subject to the discussion under “—Foreign Account Tax Compliance Act” below, distributions treated as dividends (see “—US Holders—Distributions” above) by the Company to Non-US Holders will be subject to US federal withholding tax at a 30% rate, except as may be provided by an applicable income tax treaty. To obtain a reduced rate of US federal withholding under an applicable income tax treaty, a Non-US Holder will be required to certify its entitlement to benefits under the treaty, generally on a properly completed IRS Form W-8BEN or W-8BEN-E, as applicable.

However, dividends that are effectively connected with a Non-US Holder's conduct of a trade or business within the United States and, where required by an income tax treaty, are attributable to a permanent establishment or fixed base of the Non-US Holder, are not subject to the withholding tax described in the previous paragraph, but instead are subject to US federal net income tax at graduated rates, provided the Non-US Holder complies with applicable certification and disclosure requirements, generally by providing a properly completed IRS Form W-8ECI. Non-US Holders that are corporations may also be subject to an additional branch profits tax at a 30% rate, except as may be provided by an applicable income tax treaty.

Sale or other disposition

Subject to the discussion under “—Foreign Account Tax Compliance Act” below, a Non-US Holder will not be subject to US federal income tax in respect of any gain on a sale or other disposition of the Class A ordinary shares unless

- the gain is effectively connected with the Non-US Holder's conduct of a trade or business within the United States and, where required by an income tax treaty, is attributable to a permanent establishment or fixed base of the Non-US Holder,
- the Non-US Holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met, or

- the Company is or has been a “US real property holding corporation” during the shorter of the five-year period preceding the disposition and the Non-US Holder’s holding period for the Class A ordinary shares

Non-US Holders described in the first bullet point above will be subject to tax on the net gain derived from the sale under regular graduated US federal income tax rates and, if they are foreign corporations, may be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Non-US Holders described in the second bullet point above will be subject to a flat 30% tax on any gain derived on the sale or other taxable disposition, which gain may be offset by certain US-source capital losses. The Company is not, and does not anticipate becoming, a “US real property holding corporation” for US federal income tax purposes.

Information reporting and backup withholding

Generally, the Company must report annually to the IRS and to Non-US Holders the amount of distributions made to Non-US Holders and the amount of any tax withheld with respect to those payments. Copies of the information returns reporting such distributions and withholding may also be made available to the tax authorities in the country in which a Non-US Holder resides under the provisions of an applicable income tax treaty or tax information exchange agreement.

A Non-US Holder will generally not be subject to backup withholding with respect to payments of dividends, provided the Company receives a properly completed statement to the effect that the Non-US Holder is not a US person and the Company does not have actual knowledge or reason to know that the holder is a US person. The requirements for the statement will be met if the Non-US Holder provides its name and address and certifies, under penalties of perjury, that it is not a US person (which certification may generally be made on IRS Form W-8BEN or W-8BEN-E) or if a financial institution holding the Class A ordinary shares on behalf of the Non-US Holder certifies, under penalties of perjury, that such statement has been received by it and furnishes the Company or its paying agent with a copy of the statement.

Except as described below under “—Foreign Account Tax Compliance Act”, the payment of proceeds from a disposition of Class A ordinary shares to or through a non-US office of a non-US broker will not be subject to information reporting or backup withholding unless the non-US broker has certain types of relationships with the United States. In the case of a payment of proceeds from the disposition of Class A ordinary shares to or through a non-US office of a broker that is either a US person or such a US-related person, US Treasury regulations require information reporting (but not backup withholding) on the payment unless the broker has documentary evidence in its files that the Non-US Holder is not a US person and the broker has no knowledge to the contrary.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a Non-US Holder’s US federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act

Legislation incorporating provisions referred to as the Foreign Account Tax Compliance Act (“FATCA”) was enacted on 18 March 2010. Pursuant to FATCA, withholding taxes may apply to certain types of payments made to “foreign financial institutions” (as defined under those rules) and certain other non-US entities. The failure to comply with additional certification, information reporting and other specified requirements could result in a withholding tax being imposed on payments of dividends and sales proceeds to foreign intermediaries and certain Non-US Holders. A 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our Class A ordinary shares paid to a foreign financial institution or to a non-financial foreign entity, unless (i) the

foreign financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any substantial US owners or furnishes identifying information regarding each substantial US owner, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (i) above, it generally must enter into an agreement with the US Treasury requiring, among other things, that it undertake to identify accounts held by certain US persons or US-owned foreign entities, annually report certain information about such accounts and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States concerning FATCA may be subject to different rules.

Under the applicable Treasury regulations and administrative guidance, the withholding provisions described above generally apply to payments of dividends on our Class A ordinary shares, and also will apply on or after 1 January 2019 to payments of gross proceeds from a sale or other disposition of Class A ordinary shares. Prospective investors are encouraged to consult their tax advisors regarding the potential application of withholding under FATCA to an investment in our Class A ordinary shares.

Material Cayman Islands Tax Considerations

There is, at present, no direct taxation in the Cayman Islands and interest, dividends and gains payable to the Company will be received free of all Cayman Islands taxes. The Company has received an undertaking from the Governor in Cabinet of the Cayman Islands to the effect that, for a period of twenty years from the date of such undertaking, no law that thereafter is enacted in the Cayman Islands imposing any tax or duty to be levied on profits, income or on gains or appreciation, or any tax in the nature of estate duty or inheritance tax, will apply to any property comprised in or any income arising under the Company, or to the shareholders thereof, in respect of any such property or income.

F. DIVIDENDS AND PAYING AGENTS

American Stock Transfer & Trust Company is the paying agent for any dividends payable on our Class A ordinary shares and Class B ordinary shares in the United States.

While our dividend policy contemplates a semi-annual dividend, we have no specific procedure for setting the date of any dividend entitlement, though we will set a record date for stock ownership to determine entitlement to any dividends that may be declared from time to time, in accordance with applicable laws, rules and regulations. The declaration and payment of future semi-annual dividends, if any, will be at the sole discretion of our board of directors or a committee thereof based on its consideration of numerous factors, including our operating results, financial condition and anticipated capital requirements and the additional factors discussed above. See “Item 8 Financial Information—A Consolidated Financial Statements and Other Financial Information—Dividend Policy.”

G. STATEMENTS BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

You may read and copy any reports or other information that we file at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that site is www.sec.gov.

We also make available on our website, free of charge, our annual reports on Form 20-F and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is www.manutd.com. The information contained on our website is not incorporated by reference in this document.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Our operations are exposed to a variety of financial risks that include currency risk, interest rate risk and cash flow risk. We review and agree policies for managing these risks, which are then implemented by our finance department. Please refer to note 31 to our audited consolidated financial statements as of 30 June 2016 and 2015 and for the years ended 30 June 2016, 2015 and 2014 included elsewhere in this Annual Report for a fuller quantitative and qualitative discussion on the market risks to which we are subject and our policies with respect to managing those risks. The policies are summarized below.

Currency risk

We are exposed to both translational and transactional risk of fluctuations in foreign exchange rates. A significant currency risk we face relates to the revenue received in Euros as a result of participation in European competitions. We seek to hedge economically the majority of the currency risk of this revenue by placing forward contracts at the point at which it becomes reasonably certain that we will receive the revenue.

We also receive a significant amount of sponsorship revenue denominated in US dollars. We seek to hedge the foreign exchange risk on future US dollar revenues whenever possible using our US dollar net borrowings as the hedging instrument. The foreign exchange gains or losses arising on retranslation of our US dollar net borrowings used in the hedge are initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. Amounts previously recognized in other comprehensive income and accumulated in a hedging reserve are subsequently reclassified into the income statement in the same accounting period, and within the same income statement line (i.e. Commercial revenue), as the underlying future US dollar revenues. The foreign exchange gains or losses arising on re-translation of our unhedged US dollar borrowings are recognized in the income statement immediately.

As of 30 June 2016, the amount accumulated in the hedging reserve relating to the above hedge was a debit of £41.0 million (this amount is stated gross before deducting related tax).

Based on exchange rates existing as of 30 June 2016, a 10% appreciation of pounds sterling compared to the US dollar would have resulted in a credit to the hedging reserve of approximately £26.9 million for the year ended 30 June 2016. Conversely, a 10% depreciation of pounds sterling compared to the US dollar would have resulted in a debit to the hedging reserve of approximately £32.9 million for the year ended 30 June 2016.

Payment and receipts of transfer fees may also give rise to foreign currency exposures. Due to the nature of player transfers we may not always be able to predict such cash flow until the transfer has taken place. Where possible and depending on the payment profile of transfer fees payable and receivable we will seek to economically hedge future payments and receipts at the point it becomes reasonably certain that the payments will be made or the revenue will be received. When hedging revenue to be received, we also take account of the credit risk of the counterparty.

Interest rate risk

Our interest rate risk relates to changes in interest rates for borrowings. Borrowings issued at variable interest rates expose us to cash flow interest rate risk. Borrowings issued at fixed rates expose us to fair value interest rate risk. Our borrowings under our revolving facility, our secured term loan facility and our Alderley facility bear interest at variable rates. As of 30 June 2016, we had £166.0 million of variable rate indebtedness outstanding under our secured term loan facility and £4.6 million of variable rate indebtedness outstanding under our Alderley credit facility. We manage our cash flow interest rate risk, where appropriate, using interest rate swaps at contract lengths consistent with the repayment schedule of the borrowings. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Consequently, a hypothetical one percentage point increase in interest rates on our variable rate indebtedness would not have a material impact on our annual interest expense.

Other than as disclosed herein, we have no additional hedging policies.

Derivative Financial Instruments

Foreign currency forward contracts

We enter into foreign currency forward contracts to purchase and sell foreign currency in order to minimize the impact of currency movements on our financial performance primarily for our exposure to Broadcasting revenue received in Euros for our participation in European competitions and Commercial revenue received in US dollars for certain sponsorship contracts.

Interest rate swaps

We have interest rate swaps in place in respect of our secured term loan facility. As of 30 June 2016, the fair value of outstanding interest rate swaps was a net liability of £9.7 million.

Embedded foreign exchange derivatives

We have a number of currency based embedded derivatives in host Commercial revenue contracts. These are separately recognized in the financial statements at fair value since they are not closely related to the host contract. As of 30 June 2016, the fair value of such derivatives was a net asset of £5.2 million.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable

B. WARRANTS AND RIGHTS

Not applicable

C. OTHER SECURITIES

Not applicable

D. AMERICAN DEPOSITARY SHARES

Not applicable

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None

ITEM 14 MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None

ITEM 15. CONTROLS AND PROCEDURES

We have carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) under the supervision and the participation of the executive board of management, which is responsible for the management of the internal controls, and which includes the Principal Executive Officer and the Principal Financial Officer. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation as of 30 June 2016, the Principal Executive Officer and Principal Financial Officer have concluded that the disclosure controls and procedures (i) were effective at a reasonable level of assurance as of the end of the period covered by this Annual Report on Form 20-F in ensuring that information required to be recorded, processed, summarized and reported in the reports that are filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and (ii) were effective at a reasonable level of assurance as of the end of the period covered by this Annual Report on Form 20-F in ensuring that information to be disclosed in the reports that are filed or submitted under the Exchange Act is accumulated and communicated to the management of the Company, including the Principal Executive Officer and the Principal Financial Officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our executive board of management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed, under the supervision of the Principal Executive Officer and the Principal Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly, reflect transactions and dispositions of assets, provide reasonable assurance that transactions are recorded in the manner necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are only carried out in accordance with the authorization of our executive board of management and directors, and provide reasonable assurance regarding the prevention or timely detection of any unauthorized acquisition, use or disposition of our assets and that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Moreover, projections of any evaluation of the effectiveness of internal control

to future periods are subject to a risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate

Our executive board of management has assessed the effectiveness of internal control over financial reporting based on the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013. Based on this assessment, our executive board of management has concluded that our internal control over financial reporting as of 30 June 2016 was effective.

This Annual Report does not include an attestation report of the Company's registered public accounting firm because we qualify as an emerging growth company and, as such, are exempt from such attestation.

Changes in Internal Control over Financial Reporting

During the period covered by this report, we have not made any change to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Robert Leitão satisfies the "independence" requirements set forth in Rule 10A-3 under the Exchange Act. Our board of directors has also determined that Mr. Robert Leitão is an "audit committee financial expert" as defined in Item 16A of Form 20-F under the Exchange Act.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics that applies to all our employees, officers and directors, including our principal executive, principal financial and principal accounting officers. Our code of Business Conduct and Ethics addresses, among other things, competition and fair dealing, conflicts of interest, financial matters and external reporting, company funds and assets, confidentiality and corporate opportunity requirements and the process for reporting violations of the Code of Business Conduct and Ethics, employee misconduct, conflicts of interest or other violations. Our Code of Business Conduct and Ethics is intended to meet the definition of "code of ethics" under Item 16B of 20-F under the Exchange Act.

Our Code of Business Conduct and Ethics is available on our website at <http://ir.manutd.com/>. The information contained on our website is not incorporated by reference in this Annual Report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

PricewaterhouseCoopers LLP ("PwC") acted as our independent auditor for the fiscal years ended 30 June 2016 and 2015. The table below sets out the total amount billed to us by PwC, for services performed in the years ended 30 June 2016 and 2015, and breaks down these amounts by category of service.

	2016 £'000	2015 £'000
Audit Fees	462	405
Tax Fees	690	243
All Other Fees	143	609
Total	1,295	1,257

Audit Fees

Audit fees for the years ended 30 June 2016 and 2015 were related to the audit of our consolidated and subsidiary financial statements and other audit or interim review services provided in connection with statutory and regulatory filings or engagements

Tax Fees

Tax fees for the years ended 30 June 2016 and 2015 were related to tax compliance and tax planning services

All Other Fees

All other fees in the year ended 30 June 2016 related to services in connection with corporate compliance matters

All other fees in the year ended 30 June 2015 were related to professional services rendered in connection with public sales of our Class A ordinary shares by Red Football LLC and the Edward S Glazer Irrevocable Exempt Trust, the debt refinancing in June 2015 and other corporate compliance matters

Pre-Approval Policies and Procedures

The advance approval of the Audit Committee or members thereof, to whom approval authority has been delegated, is required for all audit and non-audit services provided by our auditors

All services provided by our auditors are approved in advance by either the Audit Committee or members thereof, to whom authority has been delegated, in accordance with the Audit Committee's pre-approval policy

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER

Not applicable

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None

ITEM 16G. CORPORATE GOVERNANCE

Our Class A ordinary shares are listed on the New York Stock Exchange. We believe the following to be the significant differences between our corporate governance practices and those applicable to US companies under the New York Stock Exchange listing standards

In general, under the New York Stock Exchange corporate governance standards, foreign private issuers, as defined under the Exchange Act, are permitted to follow home country corporate governance practices instead of the corporate governance practices of the New York Stock Exchange. Accordingly, we follow certain corporate governance practices of our home country, the Cayman Islands, in lieu of certain of the corporate governance requirements of the New York Stock Exchange. Specifically, we do not have a board of directors composed of a majority of independent directors or a remuneration committee or nominating and corporate governance committee composed entirely of independent directors

In the event we no longer qualify as a foreign private issuer, we intend to rely on the “controlled company” exemption under the New York Stock Exchange corporate governance rules. A “controlled company” under the New York Stock Exchange corporate governance rules is a company of which more than 50% of the voting power is held by an individual, group or another company. Our principal shareholder controls a majority of the combined voting power of our outstanding ordinary shares, and our principal shareholder is able to nominate a majority of directors for election to our board of directors. Accordingly, we are eligible to, and, in the event we no longer qualify as a foreign private issuer, we intend to, take advantage of certain exemptions under the New York Stock Exchange corporate governance rules including exemptions from the requirements that a majority of the directors on our board of directors are independent directors and the requirement that our remuneration committee and our nominating and corporate governance committee consist entirely of independent directors.

The foreign private issuer exemption and the “controlled company” exemption do not modify the independence requirements for the audit committee, and we comply with the requirements of the Sarbanes-Oxley Act and the New York Stock Exchange rules, which require that our audit committee be composed of three independent directors.

If at any time we cease to be a “controlled company” or a “foreign private issuer” under the rules of the New York Stock Exchange and the Exchange Act, as applicable, our board of directors will take all action necessary to comply with the New York Stock Exchange corporate governance rules.

Due to our status as a foreign private issuer and our intent to follow certain home country corporate governance practices, our shareholders do not have the same protections afforded to shareholders of companies that are subject to all the New York Stock Exchange corporate governance standards.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable

ITEM 18. FINANCIAL STATEMENTS

The audited consolidated financial statements as required under Item 18 are attached hereto starting on page F-1 of this Annual Report. The audit report of PricewaterhouseCoopers LLP, independent registered public accounting firm, is included herein preceding the audited consolidated financial statements.

ITEM 19. EXHIBITS

The following exhibits are filed as part of this Annual Report

- 1.1 Amended and Restated Memorandum and Articles of Association of Manchester United plc dated as of 8 August 2012 (included as Exhibit 3.1 to our Registration Statement on Form F-1/A (File No. 333-182535), filed with the SEC on 30 July 2012, as amended)
- 2.1 Specimen Ordinary Share Certificate of Manchester United plc (included as Exhibit 4.1 to our Registration Statement on Form F-1/A (File No. 333-182535), filed with the SEC on 30 July 2012, as amended)
- 4.1 Agreement, dated 19 May 2008, between The Royal Bank of Scotland plc, as agent for National Westminster Bank plc, and Alderley Urban Investments (included as Exhibit 10.3 to our Registration Statement on Form F-1/A (File No. 333-182535), filed with the SEC on 16 July 2012, as amended)
- 4.2 Amendment and Restatement Agreement relating to the Secured Term Facility, dated 11 August 2014, between Red Football Limited and Bank of America, N.A., as Agent and Original Lender (included as Exhibit 4.1 to our Report on Form 6-K (File No. 001-35627), filed with the SEC on 12 August 2014)
- 4.3 Amendment and Restatement Agreement relating to the Secured Term Facility, dated 15 May 2015, among Red Football Limited, Bank of America, N.A., as Original Agent, and Bank of America Merrill Lynch International Limited, as Agent and Lender (included as Exhibit 10.1 to our Registration Statement on Form F-3 (File No. 333-206985), filed with the SEC on 17 September 2015)
- 4.4 Revolving Facilities Agreement, dated 22 May 2015, among Red Football Limited, MU Finance plc, the guarantors party thereto, Bank of America, N.A., as Arranger, the Original Lenders named therein, and Bank of America Merrill Lynch International Limited, as Agent and Security Trustee (included as Exhibit 10.2 to our Registration Statement on Form F-3 (File No. 333-206985), filed with the SEC on 17 September 2015)
- 4.5 Note Purchase Agreement, dated 27 May 2015, among MU Finance plc, the guarantors party thereto, the purchasers listed therein and the Bank of New York Mellon, as Paying Agent (included as Exhibit 4.3 to our Registration Statement on Form F-3 (File No. 333-206985), filed with the SEC on 17 September 2015)
- 4.6 Term Facility Amendment Letter, dated 26 June 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender (included as Exhibit 10.3 to our Registration Statement on Form F-3 (File No. 333-206985), filed with the SEC on 17 September 2015)

- 4 7 Second Term Facility Amendment Letter, dated 11 September 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender (included as Exhibit 4 7 to our Annual Report on Form 20-F (File No 333-183277), filed with the SEC on 15 October 2015)
- 4 8 Revolving Facilities Amendment Letter, dated 7 October 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender (included as Exhibit 4 8 to our Annual Report on Form 20-F (File No 333-183277), filed with the SEC on 15 October 2015)
- 4 9 2012 Equity Incentive Award Plan (included as Exhibit 4 2 to our Registration Statement on Form S-8 (File No 333-183277), filed with the SEC on 13 August 2012)
- 4 10 Premier League Handbook, Season 2015/16 (included as Exhibit 4 6 to our Annual Report on Form 20-F (File No 001-35627), filed with the SEC on 15 October 2015)
- 4 11 Premier League Handbook, Season 2016/17
- 8 1 List of significant subsidiaries (included in note 33 to our audited consolidated financial statements included in this Annual Report)
- 12 1 Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
- 12 2 Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
- 13 1 Certification of Chief Executive Officer pursuant to 18 U S C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 13 2 Certification of Chief Financial Officer pursuant to 18 U S C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 15 1 Consent of PricewaterhouseCoopers LLP

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Manchester United plc

In our opinion, the accompanying consolidated balance sheet and the related consolidated income statement, consolidated statements of comprehensive income, of changes in equity and of cash flows present fairly, in all material respects, the financial position of Manchester United plc and its subsidiaries as of 30 June 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended 30 June 2016 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Manchester, United Kingdom

15 September 2016

Consolidated income statement

	Note	Year ended 30 June		
		2016 £'000	2015 £'000	2014 £'000
Revenue	4	515,345	395,178	433,164
Operating expenses	5	(436,709)	(387,179)	(372,240)
(Loss)/profit on disposal of intangible assets	8	(9,786)	23,649	6,991
Operating profit		68,850	31,648	67,915
Finance costs		(20,459)	(35,419)	(27,668)
Finance income		442	204	256
Net finance costs	9	(20,017)	(35,215)	(27,412)
Profit/(loss) on ordinary activities before tax		48,833	(3,567)	40,503
Tax (expense)/credit	10	(12,462)	2,672	(16,668)
Profit/(loss) for the year attributable to owners of the parent		36,371	(895)	23,835
Earnings/(loss) per share attributable to owners of the parent during the year				
Basic earnings/(loss) per share (pence)	11	22.19	(0.55)	14.55
Diluted earnings/(loss) per share (pence)(1)	11	22.13	(0.55)	14.54

- (1) For the year ended 30 June 2015, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share, and hence have been excluded. For the years ended 30 June 2016 and 2014, potential ordinary shares have been treated as dilutive, as their inclusion in the diluted earnings per share calculation decreases earnings per share.

See accompanying notes to the consolidated financial statements

Consolidated statement of comprehensive income

	Year ended 30 June		
	2016 £'000	2015 £'000	2014 £'000
Profit/(loss) for the year	<u>36,371</u>	<u>(895)</u>	<u>23,835</u>
Other comprehensive (loss)/income:			
Items that may be subsequently reclassified to profit or loss			
Fair value movements on cash flow hedges (note 31 2)	(58,025)	(32,602)	39,643
Tax credit/(expense) relating to cash flow hedges (note 31 2)	20,307	11,413	(13,956)
Exchange gain on translation of overseas subsidiary	—	—	46
Tax expense relating to translation of overseas subsidiary	—	—	(16)
Other comprehensive (loss)/income for the year, net of tax	<u>(37,718)</u>	<u>(21,189)</u>	<u>25,717</u>
Total comprehensive (loss)/income for the year attributable to owners of the parent	<u>(1,347)</u>	<u>(22,084)</u>	<u>49,552</u>

See accompanying notes to the consolidated financial statements

Consolidated balance sheet

		As of 30 June	
		2016 £'000	2015 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	245,714	250,626
Investment property	14	13,447	13,559
Intangible assets	15	665,634	660,397
Derivative financial instruments	18	3,760	—
Trade and other receivables	19	11,223	3,836
Deferred tax asset	25	145,460	133,640
		<u>1,085,238</u>	<u>1,062,058</u>
Current assets			
Inventories	16	926	—
Derivative financial instruments	18	7,888	27
Trade and other receivables	19	128,657	83,627
Tax receivable		—	124
Cash and cash equivalents	20	229,194	155,752
		<u>366,665</u>	<u>239,530</u>
Total assets		<u><u>1,451,903</u></u>	<u><u>1,301,588</u></u>

See accompanying notes to the consolidated financial statements

Consolidated balance sheet (continued)

		As of 30 June	
		2016 £'000	2015 £'000
EQUITY AND LIABILITIES			
Equity			
Share capital	21	52	52
Share premium		68,822	68,822
Merger reserve		249,030	249,030
Hedging reserve		(32,989)	4,729
Retained earnings		173,367	155,285
		<u>458,282</u>	<u>477,918</u>
Non-current liabilities			
Derivative financial instruments	18	10,637	2,769
Trade and other payables	23	41,450	48,078
Borrowings	24	484,528	410,482
Deferred revenue		38,899	21,583
Deferred tax liabilities	25	14,364	17,311
		<u>589,878</u>	<u>500,223</u>
Current liabilities			
Derivative financial instruments	18	2,800	2,966
Tax liabilities		6,867	2,105
Trade and other payables	23	199,668	131,283
Borrowings	24	5,564	485
Deferred revenue		188,844	186,608
		<u>403,743</u>	<u>323,447</u>
Total equity and liabilities		<u><u>1,451,903</u></u>	<u><u>1,301,588</u></u>

See accompanying notes to the consolidated financial statements

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2013	<u>52</u>	<u>68,822</u>	<u>249,030</u>	<u>231</u>	<u>129,825</u>	<u>447,960</u>
Profit for the year	—	—	—	—	23,835	23,835
Cash flow hedges	—	—	—	39,643	—	39,643
Tax expense relating to cash flow hedges	—	—	—	(13,956)	—	(13,956)
Currency translation differences	—	—	—	—	46	46
Tax expense relating to currency translation differences	—	—	—	—	(16)	(16)
Total comprehensive income for the year	—	—	—	<u>25,687</u>	<u>23,865</u>	<u>49,552</u>
Equity-settled share-based payments (note 22)	—	—	—	—	1,138	1,138
Balance at 30 June 2014	<u>52</u>	<u>68,822</u>	<u>249,030</u>	<u>25,918</u>	<u>154,828</u>	<u>498,650</u>
Loss for the year	—	—	—	—	(895)	(895)
Cash flow hedges	—	—	—	(32,602)	—	(32,602)
Tax credit relating to cash flow hedges	—	—	—	11,413	—	11,413
Total comprehensive loss for the year	—	—	—	<u>(21,189)</u>	<u>(895)</u>	<u>(22,084)</u>
Equity-settled share-based payments (note 22)	—	—	—	—	1,352	1,352
Balance at 30 June 2015	<u>52</u>	<u>68,822</u>	<u>249,030</u>	<u>4,729</u>	<u>155,285</u>	<u>477,918</u>
Profit for the year	—	—	—	—	36,371	36,371
Cash flow hedges	—	—	—	(58,025)	—	(58,025)
Tax credit relating to cash flow hedges	—	—	—	20,307	—	20,307
Total comprehensive (loss)/income for the year	—	—	—	<u>(37,718)</u>	<u>36,371</u>	<u>(1,347)</u>
Equity-settled share-based payments (note 22)	—	—	—	—	1,795	1,795
Dividends paid (note 12)	—	—	—	—	(20,084)	(20,084)
Balance at 30 June 2016	<u>52</u>	<u>68,822</u>	<u>249,030</u>	<u>(32,989)</u>	<u>173,367</u>	<u>458,282</u>

Movements on the hedging reserve are provided in note 31 2

See accompanying notes to the consolidated financial statements

Consolidated statement of cash flows

	Note	Year ended 30 June		
		2016 £'000	2015 £'000	2014 £'000
Cash flows from operating activities				
Cash generated from operations	26	200,864	195,021	101,704
Interest paid		(13,219)	(42,624)	(27,669)
Debt finance costs relating to borrowings		—	(6,508)	(123)
Interest received		487	502	254
Tax paid		(2,040)	(2,466)	(1,375)
Net cash generated from operating activities		186,092	143,925	72,791
Cash flows from investing activities				
Payments for property, plant and equipment		(5,101)	(5,466)	(10,847)
Proceeds from sale of property, plant and equipment		19	—	50
Payments for intangible assets		(138,095)	(117,446)	(92,942)
Proceeds from sale of intangible assets		38,357	20,649	14,025
Net cash used in investing activities		(104,820)	(102,263)	(89,714)
Cash flows from financing activities				
Proceeds from borrowings		—	272,539	—
Repayment of borrowings		(371)	(227,950)	(4,997)
Dividends paid		(20,084)	—	—
Net cash (used in)/generated from financing activities		(20,455)	44,589	(4,997)
Net increase/(decrease) in cash and cash equivalents		60,817	86,251	(21,920)
Cash and cash equivalents at beginning of year		155,752	66,365	94,433
Effects of exchange rate changes on cash and cash equivalents		12,625	3,136	(6,148)
Cash and cash equivalents at end of year	20	229,194	155,752	66,365

See accompanying notes to the consolidated financial statements

Notes to the consolidated financial statements

1 General information

Manchester United plc (the “Company”) and its subsidiaries (together the “Group”) is a professional football club together with related and ancillary activities. The Company incorporated under the Companies Law (2011 Revision) of the Cayman Islands, as amended and restated from time to time. The address of its principal executive office is Sir Matt Busby Way, Old Trafford, Manchester M16 0RA, United Kingdom. The Company’s shares are listed on the New York Stock Exchange.

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£’000) except when otherwise indicated.

These financial statements were approved by the Audit Committee on 15 September 2016.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

The consolidated financial statements of Manchester United plc have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and IFRS Interpretations Committee (“IFRS IC”) interpretations. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments) which are recognized at fair value through profit and loss, unless cash flow hedge accounting applies.

2.1.1 Changes in accounting policy and disclosures

a) New and amended standards and interpretations adopted by the Group.

The Group has adopted the following new and amended IFRS standards and interpretations for the first time for the financial year beginning on 1 July 2015. None of these had a material impact on the consolidated financial statements of the Group.

- Amendment to IAS 32, “Financial Instruments: Presentation”
- Annual improvements to IFRSs 2012 - 2014

b) New and amended standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these consolidated financial statements. Adoption may affect the disclosures in the Group’s financial statements in the future. The adoption of these standards, amendments and interpretations is not expected to have a material impact on the consolidated financial statements of the Group, except as set out below.

- IFRS 9, “Financial instruments” While the Group has yet to undertake a detailed assessment it does not expect the new standard to have a significant impact on the classification and measurement of financial assets and financial liabilities and it would appear that the Group’s current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9.

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of adoption of the new standard. The Group expects to adopt IFRS 9 from 1 July 2018.

- IFRS 15, "Revenue from contracts with customers" Management is currently assessing the effects of applying the new standard. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months. The Group expects to adopt IFRS 15 from 1 July 2018.
- IFRS 16, "Leases" The new standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of £11,351,000, see note 28.1. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. The Group expects to adopt IFRS 16 from 1 July 2019.
- Amendment to IAS 12, "Income taxes"
- Amendment to IAS 7, "Cashflow statements"

There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

Intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

The Group has one reportable segment, being the operation of a professional football club. The Chief Operating Decision Maker (being the Board and executive officers of Manchester United plc), who is responsible for allocating resources and assessing performance obtains financial information, being the Consolidated income statement, Consolidated balance sheet and Consolidated statement of cash flows, and the analysis of changes in net debt, about the Group as a whole. The Group has investment property, however, this is not considered to be a material business segment and is therefore not reported as such.

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in pounds sterling which is the Company's and its subsidiaries functional currency, with the exception of Manchester United Commercial Enterprises (Ireland) Limited whose functional currency is the Euro.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to unhedged borrowings are presented in the income statement within finance costs or income. All other foreign exchange gains and losses are presented in the income statement within operating expenses.

c) Translation of overseas net assets

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

- (iii) all resulting exchange differences are recognized in other comprehensive income and accumulated in equity

On disposal of a foreign operation any cumulative exchange differences held in equity are reclassified to the income statement

d) Exchange rates

The most important exchange rates per £1 00 that have been used in preparing the financial statements are

	Closing rate			Average rate		
	2016	2015	2014	2016	2015	2014
Euro	1.2009	1 4102	1 2491	1.3363	1 3180	1 2002
US Dollar	1.3332	1 5712	1 7097	1.4774	1 5815	1 6275

2.5 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable from the Group's principal activities excluding transfer fees and value added tax. The Group's principal revenue streams are Commercial, Broadcasting and Matchday. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below

a) Commercial

Commercial revenue (whether settled in cash or value in kind) comprises revenue receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed revenue, revenue receivable from retailing Manchester United branded merchandise in the UK and licensing the manufacture, distribution and sale of such goods globally, and fees for the Manchester United first team undertaking tours

For sponsorship contracts any additional revenue receivable over and above the minimum guaranteed revenue contained in the sponsorship and licensing agreements is taken to revenue when a reliable estimate of the future performance of the contract can be obtained and it is probable that the amounts will not be recouped by the sponsor in future years

Revenue is recognized over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship rights enjoyed by the individual sponsor. In instances where the sponsorship rights remain the same over the duration of the contract, revenue is recognized on a straight-line basis. In respect of contracts with multiple elements, the Group allocates the total consideration receivable to each separately identifiable element based on their relative fair values, and then recognizes the allocated revenue on a straight-line basis over the relevant period of each element

The Group has a 10-year agreement with adidas which began on 1 August 2015. The minimum guarantee payable by adidas over the term of the agreement is £750 million, subject to certain adjustments. Payments due in a particular year may increase if the club's first team wins the Premier League, FA Cup or Champions League, or decrease if the club's first team fails to participate in the Champions League for two or more consecutive seasons with the maximum possible increase being

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

£4 million per year and the maximum possible reduction being 30% of the applicable payment for that year. Revenue is currently being recognized based on management's estimate that the full minimum guarantee amount will be received, as management does not expect two consecutive seasons of non-participation in the Champions League.

Retail revenue is recognized at the point of sale while license revenue is recognized in the period in which the goods and services are provided.

Mobile & content revenue is recognized over the term of the commercial agreement in line with the performance obligations included within the contract and based on the commercial rights enjoyed by the individual partner. In instances where the commercial rights remain the same over the duration of the contract, revenue is recognized on a straight-line basis.

Commercial revenue which is received in advance of a period end but relating to future periods is treated as deferred revenue. The deferred revenue is then released to revenue on an accruals basis in accordance with the substance of the relevant agreements.

b) Broadcasting

Broadcasting revenue represents revenue receivable from all UK and overseas broadcasting contracts, including contracts negotiated centrally by the FA Premier League and UEFA.

Distributions from the FA Premier League comprise a fixed element (which is recognized evenly as domestic home league matches are played), facility fees for live coverage and highlights of domestic home and away matches (which are recognized when the respective match is played), and merit awards (which are only recognized when they are known at the end of each football season).

Distributions from UEFA relating to participation in European cup competitions comprise market pool payments (which are recognized over the matches played in the competition, a portion of which reflects Manchester United's performance relative to the other FA Premier League clubs in the competition) and fixed amounts for participation in individual matches (which are recognized when the matches are played).

Broadcasting revenue which is received in advance of a period end but relating to future periods is treated as deferred revenue. The deferred revenue is then released to revenue on an accruals basis in accordance with the substance of the relevant agreements.

c) Matchday

Matchday revenue is recognized based on matches played throughout the year with revenue from each match being recognized only when the match has been played. Revenue from related activities such as Conference and Events or the Museum is recognized as the event or service is provided or the facility is used.

Matchday revenue includes revenue receivable from all domestic and European match day activities from Manchester United games at Old Trafford, together with the Group's share of gate receipts from cup matches not played at Old Trafford (where applicable), and fees for arranging other events at the Old Trafford stadium. The share of gate receipts payable to the other participating club and competition organiser for cup matches played at Old Trafford (where applicable) is treated as an operating expense.

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

Matchday revenue which is received in advance of a period end but relating to future periods (mainly the sale of seasonal facilities for first team matches at Old Trafford) is treated as deferred revenue. The deferred revenue is then released to revenue as the matches are played.

d) Finance income

Finance income is recognized using the effective interest rate method.

e) Accrued revenue

Revenue from Matchday activities, broadcasting and commercial contracts, which is received after the period to which it relates, is accrued as earned.

f) Deferred revenue

Revenue from Matchday activities, broadcasting and commercial contracts, received or receivable prior to the period end in respect of future periods, is deferred.

2.6 Operating leases

Leases in which a substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Rentals receivable under sub-tenancy agreements (net of any incentives given to the lessee) are credited to the income statement on a straight line basis over the lease term. The risk and rewards of ownership on the sub-let property remain with the third party lessor.

2.7 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.8 Pension costs

The Group is one of a number of participating employers in The Football League Limited Pension and Life Assurance Scheme ('the scheme'—see note 30.1). The Group 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 Group's contributions into this scheme are reflected within the income statement when they fall due. Full provision has been made for the additional contributions that the Group has been requested to pay to help fund the scheme deficit.

The Group also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group's contributions into this scheme are reflected within the income statement when they fall due.

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

2.9 Share-based payments

The Group operates a share-based compensation plan under which the entity receives services from employees as consideration for equity instruments of the Group

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled share-based payments to employees, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

Details regarding the determination of the fair value of share-based transactions are set out in note 22.

2.10 Current and deferred tax

The tax expense or credit for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income, in which case the tax is also recognized in other comprehensive income.

The current tax expense or credit is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Although the Company is organized as a Cayman Islands corporation, it reports as a US domestic corporation for US federal income tax purposes and is subject to US federal income tax on the Group's worldwide income. In addition, the Group is subject to income and other taxes in various other jurisdictions, including the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to (or recovered from) the tax authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

2.11 Dividend distribution

Dividend distributions to the Company's shareholders are recognized when they become legally payable. In the case of interim dividends, this is when they are paid.

2.12 Property, plant and equipment

Property, plant and equipment is initially measured at cost (comprising the purchase price, after deducting discounts and rebates, and any directly attributable costs) and is subsequently carried at cost less accumulated depreciation and any provision for impairment.

Subsequent costs, for example, capital improvements and refurbishment, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Where appropriate, the carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. With the exception of freehold property acquired before 1 August 1999, depreciation is calculated using the straight-line method to write-down assets to their residual value over the estimated useful lives as follows:

Freehold property	75 years
Computer equipment and software (included within Plant and machinery)	3 years
Plant and machinery	4 - 5 years
Fixtures and fittings	7 years

Freehold property acquired before 1 August 1999 is depreciated on a reducing balance basis at an annual rate of 1.33%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment charges arising are recognized in the income statement when the carrying amount of an asset is greater than the estimated recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use, and are calculated with reference to future discounted cash flows that the asset is expected to generate when considered as part of a cash-generating unit. Prior impairments are reviewed for possible reversal at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within operating expenses within the income statement.

2.13 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

Investment property is initially measured at cost (comprising the purchase price, after deducting discounts and rebates, and any directly attributable costs) and is subsequently carried at cost less accumulated depreciation and any provision for impairment. Investment property is depreciated using the straight-line method over 50 years.

Investment properties are reviewed for impairment when there is a triggering event such as a decline in the property market. An impairment charge is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Prior impairments are reviewed for possible reversal at each balance sheet date. If an impairment charge subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment charge been recognized for the asset in prior years.

2.14 Intangible assets—goodwill

a. Initial recognition

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

b. Impairment

Management considers there to be one material cash generating unit for the purposes of annual impairment review being the operation of a professional football club.

Goodwill is not subject to amortization and is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognized in the income statement when the carrying value of goodwill exceeds its recoverable amount. Its recoverable amount is the higher of fair value less costs of disposal and value in use. Prior impairments are not subsequently reviewed for possible reversal at each balance sheet date.

2.15 Intangible assets—registrations and football staff remuneration

a) Remuneration

Remuneration is charged to operating expenses on a straight-line basis over the contract periods based on the amount payable to players and key football management staff for that period. Any performance bonuses are recognized when the Company considers that it is probable that the condition related to the payment will be achieved.

Signing-on fees are typically paid to players and key football management staff in equal annual installments over the term of the contract. Installments are paid at or near the beginning of each financial year and recognized as prepayments within trade and other receivables. They are subsequently charged to the income statement (as operating expenses) on a straight-line basis over the financial year. Signing-on fees paid form part of cash flows from operating activities.

Loyalty fees are bonuses which are paid to players and key football management staff either at the beginning of a renewed contract or in installments over the term of their contract in recognition for either past or future performance. Loyalty bonuses for past service are typically paid in a lump sum amount upon renewal of a contract. These loyalty bonuses require no future service and are not subject to any claw-back provisions were the individual to subsequently leave the club during their new contract.

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

term. They are expensed once the Company has a present legal or constructive obligation to make the payment. Loyalty bonuses for ongoing service are typically paid in equal annual installments over the term of the contract. These are paid at the beginning of each financial year and the related charge is recognized within operating expenses in the income statement on a straight-line basis over that period.

b) Initial recognition

The costs associated with the acquisition of players' and key football management staff registrations are capitalized at the fair value of the consideration payable. Costs include transfer fees, FAPL levy fees, agents' fees incurred by the club and other directly attributable costs. Costs also include the fair value of any contingent consideration, which is primarily payable to the player's former club (with associated levy fees payable to the FAPL), once payment becomes probable. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the player's registration. The estimate of the fair value of the contingent consideration payable requires management to assess the likelihood of specific performance conditions being met which would trigger the payment of the contingent consideration. This assessment is carried out on an individual player basis. The additional amount of contingent consideration potentially payable, in excess of the amounts included in the cost of registrations, is disclosed in note 29.2. Costs are fully amortized using the straight-line method over the period covered by the player's and key football management staff contract.

c) Renegotiation

Where a contract is extended, any costs associated with securing the extension are added to the unamortized balance (at the date of the amendment) and the revised book value is amortized over the remaining revised contract life.

d) Disposals

Assets available for sale (principally players' registrations) are classified as assets held for sale when their carrying value is expected to be recovered principally through a sale transaction and a sale is considered to be highly probable. Highly probable is defined as being actively marketed by the club, with unconditional offers having been received prior to a period end. These assets would be stated at the lower of the carrying amount and fair value less costs to sell.

Gains and losses on disposal of players' and key football management staff registrations are determined by comparing the fair value of the consideration receivable, net of any transaction costs, with the carrying amount and are recognized separately in the income statement within profit on disposal of intangible assets. Where a part of the consideration receivable is contingent on specified performance conditions, this amount is recognized in the income statement on the date the conditions are met.

Loan fee income on players temporarily loaned to other football clubs is recognized separately in the income statement within (loss)/profit on disposal of intangible assets.

e) Impairment

Management does not consider that it is possible to determine the value in use of an individual player or key football management staff in isolation as that individual (unless via a sale or insurance

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

recovery) cannot generate cash flows on his own. While management does not consider any individual can be separated from the single cash generating unit ("CGU"), being the operations of the Group as a whole, there may be certain circumstances where an individual is taken out of the CGU, when it becomes clear that they will not participate with the club's first team again, for example, a player sustaining a career threatening injury or is permanently removed from the first team playing squad for another reason. If such circumstances were to arise, the carrying value of the individual would be assessed against the Group's best estimate of the individual's fair value less any costs to sell and an impairment charge made in operating expenses reflecting any loss arising.

2.16 Intangible assets—other

Other intangible assets comprise website, mobile applications and trademark registration costs and are initially measured at cost and are subsequently carried at cost less accumulated amortization and any provision for impairment.

Amortization is calculated using the straight-line method to write-down assets to their residual value over the estimated useful lives as follows:

Website and mobile applications	5 years
Trademark registrations	10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

2.17 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss is recognized in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedging relationship. The Group designates certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group hedges the foreign exchange risk on a portion of contracted, and hence highly probable, future US dollar revenues whenever possible using a portion of the Group's US dollar net borrowings as the hedging instrument. Foreign exchange gains or losses arising on re-translation of the Group's US dollar net borrowings used in the hedge are initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. The foreign exchange gains or losses arising on re-translation of the Group's unhedged US dollar borrowings are recognized in the income statement immediately.

The Group hedges its cash flow interest rate risk where appropriate using interest rate swaps at contract lengths consistent with the repayment schedule of the borrowings. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The effective portion of changes in the fair value of the interest rate swap are initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. The gain or loss relating to any ineffective portion is recognized in the income statement immediately.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of the hedged items. The Group uses a variety of methods to assess hedge effectiveness depending on the nature and type of the hedging relationship, including critical terms comparison, dollar offset method and regression analysis.

Derivatives embedded in other financial instruments or host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

The fair values of various derivative instruments are disclosed in note 18. Movements on the hedging reserve in other comprehensive income are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to any ineffective portion is recognized immediately in the income statement.

Amounts previously recognized in other comprehensive income and accumulated in the hedging reserve within equity are reclassified to the income statement in the periods when the hedged item affects the income statement (for example, when the forecast transaction that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the hedged item is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.18 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises cost of purchase and, where appropriate, other directly attributable costs. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.19 Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade and other receivables are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.20 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and, if applicable, other short-term highly liquid investments with original maturities of three months or less.

Notes to the consolidated financial statements (Continued)

2 Summary of significant accounting policies (Continued)

2.21 Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds of the issue.

The merger reserve arose as a result of reorganization transactions and represents the difference between the equity of the acquired company (Red Football Shareholder Limited) and the investment by the acquiring company (Manchester United plc).

The hedging reserve is used to reflect the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges.

2.22 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.23 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

3 Critical accounting estimates and judgments

The preparation of financial statements requires management to make estimates, judgments and assumptions concerning the future. Estimates, judgments and assumptions 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 resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, judgments and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Revenue recognition—minimum guarantee

Minimum guaranteed revenue is recognized over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship benefits enjoyed by the individual sponsor. In instances where the sponsorship rights remain the same over the duration of the contract, revenue is recognized on a straight-line basis.

Notes to the consolidated financial statements (Continued)

3 Critical accounting estimates and judgments (Continued)

The minimum guarantee payable by adidas is subject to certain adjustments. Payments due in a particular year may increase if the club's first team wins certain competitions or decrease if the club's first team fails to participate in the Champions League for two or more consecutive seasons with the maximum possible reduction being 30% of the applicable payment for that year. Management's current best estimate is that the full minimum guarantee amount will be received, as management does not expect two consecutive seasons of non-participation in the Champions League.

b) Intangible assets—goodwill

The Group annually tests whether goodwill has suffered any impairment or more frequently if events or changes in circumstances indicate a potential impairment, in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, both in arriving at the expected future cash flows and the application of a suitable discount rate in order to calculate the present value of these flows. These calculations have been carried out in accordance with the assumptions set out in note 15.

c) Intangible assets—registrations

The costs associated with the acquisition of players' and key football management staff registrations are capitalized at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the player's and key football management staff registration. The estimate of the fair value of the contingent consideration payable requires management to assess the likelihood of specific performance conditions being met which would trigger the payment of the contingent consideration. This assessment is carried out on an individual basis. A provision of £10.4 million relating to this contingent consideration has been recognized on the balance sheet as of 30 June 2016. The maximum additional amount that could be payable as of that date is disclosed in note 29.2.

The Group will perform an impairment review on intangible assets, including player and key football management staff registrations, if adverse events indicate that the amortized carrying value of the asset may not be recoverable. While no individual can be separated from the single cash generating unit ("CGU"), being the operations of the Group as a whole, there may be certain circumstances where an individual is taken out of the CGU, when it becomes clear that they will not participate with the club's first team again, for example, a player sustaining a career threatening injury or is permanently removed from the first team squad for another reason. If such circumstances were to arise, the carrying value of the individual would be assessed against the Group's best estimate of the individual's fair value less any costs to sell.

d) Tax

Tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to (or recovered from) the tax authorities. From time to time the Group is involved in discussions with tax authorities in relation to ongoing tax matters and, where appropriate, provisions are made based on management's assessment of each case. Future tax expense or credit may be higher or lower than

Notes to the consolidated financial statements (Continued)

3 Critical accounting estimates and judgments (Continued)

estimates made when determining whether it is appropriate to record a provision and the amount to be recorded. Furthermore, changes in the legislative framework or applicable tax case law may result in management reassessing the recognition of tax provisions in future periods.

e) Recognition of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that the associated deductions will be available for use against future profits and that there will be sufficient future taxable profit available against which the temporary differences can be utilized, provided the asset can be reliably quantified. In estimating future taxable profit, management uses 'base case' approved forecasts which incorporate a number of assumptions, including a prudent level of future uncontracted revenue in the forecast period. In arriving at a judgment in relation to the recognition of deferred tax assets, management considers the regulations applicable to tax and advice on their interpretation. Future taxable income may be higher or lower than estimates made when determining whether it is appropriate to record a tax asset and the amount to be recorded. Furthermore, changes in the legislative framework or applicable tax case law may result in management reassessing the recognition of deferred tax assets in future periods.

4 Segment information

The principal activity of the Group is the operation of a professional football club. All of the activities of the Group support the operation of the football club and the success of the first team is critical to the ongoing development of the Group. Consequently the Chief Operating Decision Maker regards the Group as operating in one material segment, being the operation of a professional football club.

All revenue derives from the Group's principal activity in the United Kingdom. Revenue can be analysed into its three main components as follows:

	2016 £'000	2015 £'000	2014 £'000
Commercial	268,318	196,931	189,315
Broadcasting	140,440	107,664	135,746
Matchday	106,587	90,583	108,103
	<u>515,345</u>	<u>395,178</u>	<u>433,164</u>

Revenue derived from entities accounting for more than 10% of revenue in either 2016, 2015 or 2014 were as follows:

	2016 £'000	2015 £'000	2014 £'000
Premier League	99,767	100,534	92,752
adidas	72,746	—	—
General Motors (Chevrolet)	58,896	58,534	<10%

All non-current assets, other than US deferred tax assets, are held within the United Kingdom.

Notes to the consolidated financial statements (Continued)

5 Operating expenses

	2016 £'000	2015 £'000	2014 £'000
Employee benefit expense (note 7)	(232,242)	(202,561)	(214,803)
Operating lease costs	(2,392)	(2,631)	(2,352)
Auditors' remuneration audit of parent company and consolidated financial statements	(26)	(23)	(17)
Auditors' remuneration audit of the Company's subsidiaries	(436)	(382)	(299)
Auditors' remuneration tax compliance services	(690)	(243)	(159)
Auditors' remuneration other services	(143)	—	(244)
Foreign exchange gains/(losses)	3,345	435	(4,103)
Fair value movements on forward foreign exchange contracts	8,230	(5,498)	(59)
Loss on disposal of property, plant and equipment	(126)	(5)	(24)
Depreciation—property, plant and equipment (note 13)	(9,967)	(10,212)	(8,549)
Depreciation—investment property (note 14)	(112)	(112)	(116)
Amortization (note 15)	(88,009)	(99,687)	(55,290)
Other operating expenses	(99,006)	(63,924)	(81,041)
Exceptional items (note 6)	(15,135)	(2,336)	(5,184)
	<u>(436,709)</u>	<u>(387,179)</u>	<u>(372,240)</u>

In addition to the auditors' remuneration charges disclosed above for the year ended 30 June 2015 are amounts of £609,000 relating to tax planning advice, general assurance and other advice in connection with the public sale of Class A ordinary shares and either charged as exceptional items when they are not directly attributable to the issue of new shares (see note 6) or offset against share premium when they are directly attributable to the issue of new shares, and advice in connection with the debt refinancing in June 2015 and either charged as finance costs or carried forward in the balance sheet as unamortized debt issue costs

6 Exceptional items

	2016 £'000	2015 £'000	2014 £'000
Compensation paid for loss of office	(8,442)	—	(4,891)
Impairment—registrations (note 15)	(6,693)	—	—
Football League pension scheme deficit (note 30)	—	(1,247)	—
Professional adviser fees relating to public sale of Class A ordinary shares	—	(1,089)	—
Impairment—investment property (note 14)	—	—	(293)
	<u>(15,135)</u>	<u>(2,336)</u>	<u>(5,184)</u>

Compensation paid for loss of office relates to amounts payable to former team managers and certain members of the coaching staff

The registrations' impairment charge represents a reduction in the carrying value of a player no longer considered to be a member of the first team playing squad

Notes to the consolidated financial statements (Continued)

6 Exceptional items (Continued)

The Football League pension scheme deficit reflects the present value of the additional contributions the Group is expected to pay to remedy the revised deficit of the scheme as per the latest triennial actuarial valuation at 31 August 2014

Professional adviser fees relating to the public sale of Class A ordinary shares are recognized as an expense when they are not directly attributable to the issue of new shares or when a particular offer is no longer being pursued. The fees for the year ended 30 June 2015 include £359,000 relating to services provided by the Group's auditors.

The investment property impairment charge represents reductions in the market value of investment properties held by the Group, based on external valuations undertaken.

7 Employees

7.1 Employee benefit expense and average number of people employed

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

	2016 Number	2015 Number	2014 Number
By activity			
Football—players	74	73	79
Football—technical and coaching	94	89	92
Commercial	111	122	138
Media	94	89	91
Administration and other	426	440	469
Average number of employees	<u>799</u>	<u>813</u>	<u>869</u>

The Group also employs approximately 2,124 temporary staff on match days (2015 2,275, 2014 2,323), the costs of which are included in employee costs below.

Particulars of employee costs are as shown below

	2016 £'000	2015 £'000	2014 £'000
Wages and salaries (including bonuses)	(202,982)	(178,637)	(189,173)
Share-based payments (note 22)	(3,334)	(2,591)	(1,852)
Social security costs	(23,499)	(18,869)	(21,396)
Other pension costs—defined contribution (note 30)	(2,427)	(2,464)	(2,382)
	<u>(232,242)</u>	<u>(202,561)</u>	<u>(214,803)</u>

Details of the pension arrangements offered by the Company and the Group are disclosed in note 30.

7.2 Key management compensation

Key management includes directors (executive and non-executive) of the Company and executive directors and officers of the Group's main operating company, Manchester United Limited. The

Notes to the consolidated financial statements (Continued)

7 Employees (Continued)

compensation paid or payable to key management for employee services, which is included in the employee costs table above, is shown below

	2016 £'000	2015 £'000	2014 £'000
Short-term employee benefits	(7,908)	(7,324)	(5,796)
Share-based payments	(3,131)	(2,366)	(1,852)
Post-employment benefits	(70)	(61)	(132)
	<u>(11,109)</u>	<u>(9,751)</u>	<u>(7,780)</u>

8 (Loss)/profit on disposal of intangible assets

	2016 £'000	2015 £'000	2014 £'000
(Loss)/profit on disposal of registrations	(9,786)	19,675	6,991
Player loan fee income	—	3,974	—
	<u>(9,786)</u>	<u>23,649</u>	<u>6,991</u>

9 Net finance costs

	2016 £'000	2015 £'000	2014 £'000
Interest payable on bank loans and overdrafts	(1,381)	(1,840)	(2,402)
Interest payable on secured term loan facility and senior secured notes	(17,306)	(21,055)	(19,350)
Amortization of issue costs on secured term loan facility and senior secured notes	(544)	(5,978)	(1,936)
Premium on repurchase of senior secured notes (note 24)	—	(3,552)	—
Costs associated with debt financing	—	(1,443)	—
Foreign exchange losses on retranslation of unhedged US dollar borrowings	(4,136)	(288)	(2,712)
Unwinding of discount factors relating to player transfer fees	(2,380)	(2,708)	(334)
Fair value movements on derivative financial instruments			
Embedded foreign exchange derivatives	5,288	1,280	(1,320)
Interest rate swaps	—	165	386
Total finance costs	(20,459)	(35,419)	(27,668)
Total finance income—interest receivable on short-term bank deposits	442	204	256
Net finance costs	<u>(20,017)</u>	<u>(35,215)</u>	<u>(27,412)</u>

Notes to the consolidated financial statements (Continued)

10 Tax

	2016	2015	2014
	£'000	£'000	£'000
Current tax:			
Current tax on profit/(loss) for the year	(4,633)	(223)	(22)
Adjustment in respect of previous years(1)	(2,476)	(547)	(128)
Foreign tax	(1,279)	(684)	(1,472)
Total current tax expense	(8,388)	(1,454)	(1,622)
Deferred tax:			
US deferred tax			
Origination and reversal of temporary differences	(3,879)	(978)	(9,959)
Adjustment in respect of previous years(1)	5,039	152	297
Total US deferred tax credit/(expense) (note 25)	1,160	(826)	(9,662)
UK deferred tax			
Origination and reversal of temporary differences	(5,258)	4,790	(7,457)
Adjustment in respect of previous years(1)	(2,687)	162	(191)
Impact of change in UK corporation tax rate	2,711	—	2,264
Total UK deferred tax (expense)/credit (note 25)	(5,234)	4,952	(5,384)
Total deferred tax (expense)/credit	(4,074)	4,126	(15,046)
Total tax (expense)/credit	(12,462)	2,672	(16,668)

A reconciliation of the total tax (expense)/credit is as follows

	2016	2015	2014
	£'000	£'000	£'000
Profit/(loss) before tax	48,833	(3,567)	40,503
Profit/(loss) before tax multiplied by weighted average US corporate tax rate of 35.0% (2015 35.0%, 2014 35.0%)	(17,092)	1,249	(14,176)
Tax effects of			
Adjustment in respect of previous years(1)	(124)	(233)	(22)
Difference in tax rates on non US operations	(612)	48	(247)
Foreign exchange gains/(losses) on US dollar denominated tax basis(2)	5,755	1,783	(1,942)
Expenses not deductible for tax purposes	(389)	(175)	(281)
Total tax (expense)/credit	(12,462)	2,672	(16,668)

- (1) From time to time, the Group is involved in discussions in relation to ongoing matters with the relevant authorities. Where appropriate, the Directors make provisions based on their assessment of each case. In the year a provision was made in respect of ongoing enquiries relating to prior years. The impact in respect of the ongoing enquiries is to increase the UK current tax expense by £2,302,000 and UK deferred tax expense by £2,702,000. This is fully offset by a corresponding increase in the US deferred tax credit of £5,004,000. The overall prior year adjustment expense of £124,000 relates to standard provision to return true ups.
- (2) Foreign exchange gains/(losses) on US dollar denominated tax basis arise because the associated deferred tax asset has to be retranslated at each balance sheet date.

Notes to the consolidated financial statements (Continued)

10 Tax (Continued)

In addition to the amount recognized in the income statement, the following amounts relating to tax have been recognized directly in other comprehensive income

	2016 £'000	2015 £'000	2014 £'000
Current tax	1,466	4	(1,836)
US deferred tax (note 25)	10,660	4,835	(5,835)
UK deferred tax (note 25)	8,181	6,574	(6,285)
Total tax credit/(expense) recognized in other comprehensive income	<u>20,307</u>	<u>11,413</u>	<u>(13,956)</u>

11 Earnings/(loss) per share

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year

	2016	2015	2014
Class A ordinary shares (thousands)	39,890	39,795	39,814
Class B ordinary shares (thousands)	124,000	124,000	124,000
	<u>163,890</u>	<u>163,795</u>	<u>163,814</u>
Profit/(loss) attributable to owners of the parent (£'000)	36,371	(895)	23,835
Basic earnings/(loss) per share (pence)	22.19	(0.55)	14.55

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share awards pursuant to the 2012 Equity Incentive Plan (the "Equity Plan"). Share awards pursuant to the Equity Plan are assumed to have been converted into ordinary shares at the beginning of the financial year.

	2016	2015	2014
Class A ordinary shares (thousands)	39,890	39,795	39,814
Adjustment for assumed conversion into Class A ordinary shares (thousands)	429	— ⁽¹⁾	79
Class B ordinary shares (thousands)	124,000	124,000	124,000
	<u>164,319</u>	<u>163,795</u>	<u>163,893</u>
Profit/(loss) attributable to owners of the parent (£'000)	36,371	(895)	23,835
Diluted earnings/(loss) per share (pence)	22.13	(0.55)	14.54

- (1) For the year ended 30 June 2015, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share, and hence have been excluded. For the years ended 30 June 2016 and 2014, potential ordinary shares have been treated as dilutive, as their inclusion in the diluted earnings per share calculation decreases earnings per share.

Notes to the consolidated financial statements (Continued)

12 Dividends

Dividends paid in the year ended 30 June 2016 amounted to \$0 18 per share, the pounds sterling equivalent of which was £0 12 per share. Dividends paid in the year ended 30 June 2015 amounted to £nil per share. Dividends paid in the year ended 30 June 2014 amounted to £nil per share.

13 Property, plant and equipment

	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
At 1 July 2014				
Cost	270,319	39,761	35,427	345,507
Accumulated depreciation	(36,895)	(32,476)	(21,277)	(90,648)
Net book amount	<u>233,424</u>	<u>7,285</u>	<u>14,150</u>	<u>254,859</u>
Year ended 30 June 2015				
Opening net book amount	233,424	7,285	14,150	254,859
Additions	149	1,443	4,392	5,984
Transfers	(421)	(276)	697	—
Disposals	—	(4)	(1)	(5)
Depreciation charge	(3,333)	(2,713)	(4,166)	(10,212)
Closing net book amount	<u>229,819</u>	<u>5,735</u>	<u>15,072</u>	<u>250,626</u>
At 30 June 2015				
Cost	270,047	39,826	40,269	350,142
Accumulated depreciation	(40,228)	(34,091)	(25,197)	(99,516)
Net book amount	<u>229,819</u>	<u>5,735</u>	<u>15,072</u>	<u>250,626</u>
Year ended 30 June 2016				
Opening net book amount	229,819	5,735	15,072	250,626
Additions	216	418	4,604	5,238
Transfers	(604)	600	4	—
Disposals	(19)	(133)	(31)	(183)
Depreciation charge	(3,486)	(2,379)	(4,102)	(9,967)
Closing net book amount	<u>225,926</u>	<u>4,241</u>	<u>15,547</u>	<u>245,714</u>
At 30 June 2016				
Cost	269,369	36,728	43,809	349,906
Accumulated depreciation	(43,443)	(32,487)	(28,262)	(104,192)
Net book amount	<u>225,926</u>	<u>4,241</u>	<u>15,547</u>	<u>245,714</u>

Freehold property primarily comprises the Old Trafford stadium and the Aon Training Complex.

Property, plant and equipment with a net book amount of £213,200,000 (2015 £218,452,000) has been pledged to secure the secured term loan facility and senior secured notes borrowings of the Group (see note 24).

Capital commitments at the balance sheet date are disclosed in note 29.1.

Notes to the consolidated financial statements (Continued)

14 Investment property

	<u>£'000</u>
At 1 July 2014	
Cost	19,128
Accumulated depreciation and impairment	<u>(5,457)</u>
Net book amount	<u>13,671</u>
Year ended 30 June 2015	
Opening net book amount	13,671
Depreciation charge	<u>(112)</u>
Closing net book amount	<u>13,559</u>
At 30 June 2015	
Cost	19,128
Accumulated depreciation and impairment	<u>(5,569)</u>
Net book amount	<u>13,559</u>
Year ended 30 June 2016	
Opening net book amount	13,559
Depreciation charge	<u>(112)</u>
Closing net book amount	<u>13,447</u>
At 30 June 2016	
Cost	19,128
Accumulated depreciation and impairment	<u>(5,681)</u>
Net book amount	<u>13,447</u>

Investment property was externally valued as of 30 June 2016 in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation—Professional Standards, January 2014. The valuation supported the carrying amount as of 30 June 2016 and consequently there were no changes to the net book value. The external valuation was carried out on the basis of Market Value, as defined in the RICS Valuation—Professional Standards, January 2014. Fair value of investment property is determined using inputs that are not based on observable market data, consequently the asset is categorized as Level 3 (see note 31.4). The fair value of investment property as of 30 June 2016 was £13,447,000.

The property rental revenue earned by the Group from its investment property amounted to £1,336,000 (2015: £1,262,000, 2014: £1,276,000). Direct operating expenses arising on investment property, all of which generated rental income, in the year amounted to £652,000 (2015: £603,000, 2014: £551,000). The future aggregate minimum rentals receivable under non-cancellable operating leases are disclosed in note 28.2.

Investment property with a net book amount of £6,691,000 (2015: £6,723,000) has been pledged to secure the secured bank loan borrowings of the Group (see note 24).

As of 30 June 2016, the Group had no contractual obligations to purchase, construct or develop investment property (2015: £nil). As of 30 June 2016, the Group had no material contractual obligations for repairs, maintenance or enhancements to investment property (2015: not material).

Notes to the consolidated financial statements (Continued)

15 Intangible assets

	Goodwill £'000	Registrations £'000	Other £'000	Total £'000
At 1 July 2014				
Cost	421,453	412,797	—	834,250
Accumulated amortization	—	(208,225)	—	(208,225)
Net book amount	421,453	204,572	—	626,025
Year ended 30 June 2015				
Opening net book amount	421,453	204,572	—	626,025
Additions	—	150,914	951	151,865
Disposals	—	(17,806)	—	(17,806)
Amortization charge	—	(99,534)	(153)	(99,687)
Closing book amount	421,453	238,146	798	660,397
At 30 June 2015				
Cost	421,453	465,830	951	466,781
Accumulated amortization	—	(227,684)	(153)	(227,837)
Net book amount	421,453	238,146	798	660,397
Year ended 30 June 2016				
Opening net book amount	421,453	238,146	798	660,397
Additions	—	167,089	1,815	168,904
Disposals	—	(68,965)	—	(68,965)
Amortization charge	—	(87,853)	(156)	(88,009)
Impairment charge (note 6)	—	(6,693)	—	(6,693)
Closing book amount	421,453	241,724	2,457	665,634
At 30 June 2016				
Cost	421,453	511,893	2,766	936,112
Accumulated amortization	—	(270,169)	(309)	(270,478)
Net book amount	421,453	241,724	2,457	665,634

Impairment tests for goodwill

Goodwill arose largely in relation to the Group's acquisition of Manchester United Limited in 2005. Goodwill is not subject to amortization and is tested annually for impairment (normally at the end of the third fiscal quarter) or more frequently if events or changes in circumstances indicate a potential impairment.

An impairment test has been performed on the carrying value of goodwill based on value-in-use calculations. The value-in-use calculations have used post-tax cash flow projections based on the financial budgets approved by management covering a five year period. The budgets are based on past experience in respect of revenues, variable and fixed costs, player and capital expenditure and working capital assumptions. For each accounting period, cash flows beyond the five year period are extrapolated using a terminal growth rate of 2.5% (2015: 2.5%), which does not exceed the long term average growth rate for the UK economy in which the cash generating unit operates.

Notes to the consolidated financial statements (Continued)

15 Intangible assets (Continued)

The other key assumptions used in the value in use calculations for each period are the pre-tax discount rate, which has been determined at 10.1% (2015: 9.5%) for each period, and certain assumptions around progression in domestic and European cup competitions, notably the Champions League.

Management determined budgeted revenue growth based on historical performance and its expectations of market development. The discount rates are pre-tax and reflect the specific risks relating to the business.

The following sensitivity analysis was performed:

- increase the discount rate by 2% (post-tax),
- more prudent assumptions around qualification for European cup competitions.

In each of these scenarios the estimated recoverable amount substantially exceeds the carrying value for the cash generating unit and accordingly no impairment was identified.

Having assessed the future anticipated cash flows, management believes that any reasonably possible changes in key assumptions would not result in an impairment of goodwill.

Registrations

The registrations' impairment charge for the year ended 30 June 2016 represents a reduction in the carrying value of a player no longer considered to be a member of the first team playing squad.

The unamortized balance of existing registrations as of 30 June 2016 was £241.7 million, of which £110.1 million is expected to be amortized in the year ended 30 June 2017. The remaining balance is expected to be amortized over the three years to 30 June 2020. This does not take into account player additions after 30 June 2016, which would have the effect of increasing the amortization expense in future periods, nor does it consider disposals subsequent to 30 June 2016, which would have the effect of decreasing future amortization charges. Furthermore, any contract renegotiations would also impact future charges.

Other

Other intangible assets include internally generated assets whose cost and accumulated amortization as of 30 June 2016 was £585,000 and £nil respectively (2015: £nil and £nil respectively).

Capital commitments at the balance sheet date are disclosed in note 29.1.

16 Inventories

	2016 £'000	2015 £'000
Finished goods	926	—

The cost of inventories recognized as an expense and included in operating expenses for the year amounted to £7,228,000 (2015: £nil, 2014: £nil).

Write-downs of inventories to net realizable value amounted to £177,000 (2015: £nil, 2014: £nil). These were recognized as an expense during the year and included in operating expenses.

Notes to the consolidated financial statements (Continued)

17 Financial instruments by category

The accounting classification of each category of financial instruments, and their carrying values, is set out in the following table

	Note	2016 £'000	2015 £'000
Financial assets			
At fair value through profit and loss			
Derivative financial instruments	18	11,648	27
Loans and receivables			
Trade and other receivables excluding prepayments(1)	19	127,275	77,352
Cash and cash equivalents	20	229,194	155,752
Total financial assets		<u>368,117</u>	<u>233,131</u>
Financial liabilities			
Designated and effective as hedging instruments			
Derivative financial instruments	18	9,710	111
At fair value through profit and loss			
Derivative financial instruments	18	3,727	5,624
Other financial liabilities			
Trade and other payables excluding social security and other taxes(2)	23	225,354	166,649
Borrowings	24	490,092	410,967
Total financial liabilities		<u>728,883</u>	<u>583,351</u>

- (1) Prepayments are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments
- (2) Social security and other taxes are excluded from the trade and other payables balance, as this analysis is required only for financial instruments

The fair value of financial instruments is not materially different to their carrying amount. The Group's exposure to various risks associated with the financial instruments is discussed in note 31. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the consolidated financial statements (Continued)

18 Derivative financial instruments

	2016		2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Derivatives that are designated and effective as hedging instruments carried at fair value:				
Interest rate swaps	—	(9,710)	—	(111)
Financial instruments carried at fair value through profit or loss:				
Embedded foreign exchange derivatives	5,248	—	27	(67)
Forward foreign exchange contracts	6,400	(3,727)	—	(5,557)
	<u>11,648</u>	<u>(13,437)</u>	<u>27</u>	<u>(5,735)</u>
Less non-current portion				
Derivatives that are designated and effective as hedging instruments carried at fair value:				
Interest rate swaps	—	(9,710)	—	(111)
Financial instruments carried at fair value through profit or loss:				
Embedded foreign exchange derivatives	3,052	—	—	(67)
Forward foreign exchange contracts	708	(927)	—	(2,591)
Non-current derivative financial instruments	<u>3,760</u>	<u>(10,637)</u>	<u>—</u>	<u>(2,769)</u>
Current derivative financial instruments	<u>7,888</u>	<u>(2,800)</u>	<u>27</u>	<u>(2,966)</u>

The ineffective portion recognized in profit or loss that arises from cash flow hedges amounts to £nil (2015 £nil)

Further details of derivative financial instruments are provided in note 31

19 Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	116,242	51,746
Less provision for impairment of trade receivables	(6,451)	(3,897)
Net trade receivables	109,791	47,849
Other receivables	927	82
Accrued revenue	16,557	29,421
	<u>127,275</u>	<u>77,352</u>
Prepayments	12,605	10,111
	<u>139,880</u>	<u>87,463</u>
Less non-current portion		
Trade receivables	11,223	3,836
Non-current trade and other receivables	<u>11,223</u>	<u>3,836</u>
Current trade and other receivables	<u>128,657</u>	<u>83,627</u>

Notes to the consolidated financial statements (Continued)

19 Trade and other receivables (Continued)

Net trade receivables include transfer fees receivable from other football clubs of £46,646,000 (2015 £20,693,000) of which £11,223,000 (2015 £3,836,000) is receivable after more than one year. Net trade receivables also include £54,860,000 (2015 £21,856,000) of deferred revenue that is contractually payable to the Group, but recorded in advance of the earnings process, with corresponding amounts recorded as deferred revenue liabilities.

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to foreign currency risk, interest rate risk and credit risk can be found in note 31.

20 Cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	229,194	155,752

Cash and cash equivalents for the purposes of the statement of cash flows are as above.

21 Share capital

	Number of shares (thousands)	Ordinary shares £'000
At 1 July 2014	163,778	52
Employee share-based compensation awards—issue of shares	95	—
At 30 June 2015	163,873	52
Employee share-based compensation awards—issue of shares	152	—
At 30 June 2016	<u>164,025</u>	<u>52</u>

The Company has two classes of ordinary shares outstanding: Class A ordinary shares and Class B ordinary shares, each with a par value of \$0.0005 per share. The rights of the holders of Class A ordinary shares and Class B ordinary shares are identical, except with respect to voting and conversion. Each Class A ordinary share is entitled to one vote per share and is not convertible into any other shares. Each Class B ordinary share is entitled to 10 votes per share and is convertible into one Class A ordinary share at any time. In addition, Class B ordinary shares will automatically convert into Class A ordinary shares upon certain transfers and other events, including upon the date when holders of all Class B ordinary shares cease to hold Class B ordinary shares representing, in the aggregate, at least 10% of the total number of Class A and Class B ordinary shares outstanding. For special resolutions (which are required for certain important matters including mergers and changes to the Company's governing documents), which require the vote of two-thirds of the votes cast, at any time that Class B ordinary shares remain outstanding, the voting power permitted to be exercised by the holders of the Class B ordinary shares will be weighted such that the Class B ordinary shares shall represent, in the aggregate, 67% of the voting power of all shareholders. All shares issued by the Company are fully paid.

As of 30 June 2016, the Company's issued share capital comprised 40,025,280 Class A ordinary shares and 124,000,000 Class B ordinary shares.

Notes to the consolidated financial statements (Continued)

22 Share-based payments

The Company operates a share-based award plan, the 2012 Equity Incentive Award Plan (the "Equity Plan"), established in 2012. Under the Equity Plan, 16,000,000 shares of our Class A ordinary shares have initially been reserved for issuance pursuant to a variety of share-based awards, including share options, share appreciation rights, or SARs, restricted share awards, restricted share unit awards, deferred share awards, deferred share unit awards, dividend equivalent awards, share payment awards and other share-based awards. Of these reserved shares, 15,660,420 remain available for issuance.

Certain directors and members of executive management have been awarded Class A ordinary shares, pursuant to the Equity Plan. These shares are subject to varying vesting schedules over multi-year periods. Employees are not entitled to dividends until the awards vest. The fair value of these shares was the quoted market price on the date of award, adjusted where applicable for expected dividends; i.e. the fair value of the awards was reduced. It is assumed that semi-annual dividends will be paid for the foreseeable future and that none of the employees will leave the Group before the end of the vesting period. The Company may choose whether to settle the awards wholly in shares or reduce the number of shares awarded by a value equal to the recipient's liability to any income tax and social security contributions that would arise if all the shares due to vest had vested. Accordingly the awards may be either equity-settled or cash-settled.

Movements in the number of share awards outstanding and therefore potentially issuable as new shares are as follows:

	Number of Class A ordinary shares
At 1 July 2015	259,155
Awarded	186,626
Vested	(152,206)
At 30 June 2016	293,575

The fair value of the shares awarded during the year was \$15.75 (£11.81) per share.

For the year ended 30 June 2016 the Group recognized total expenses related to equity-settled share-based payment transactions of £1,795,000 (2015: £1,352,000, 2014: £1,138,000) and total expenses related to cash-settled share-based payment transactions of £1,539,000 (2015: £1,239,000, 2014: £714,000).

Notes to the consolidated financial statements (Continued)

23 Trade and other payables

	2016 £'000	2015 £'000
Trade payables	167,733	118,969
Other payables	2,865	2,064
Accrued expenses	54,756	45,616
	<u>225,354</u>	<u>166,649</u>
Social security and other taxes	15,764	12,712
	<u>241,118</u>	<u>179,361</u>
Less non-current portion		
Trade payables	40,304	46,512
Other payables	1,146	1,566
Non-current trade and other payables	<u>41,450</u>	<u>48,078</u>
Current trade and other payables	<u>199,668</u>	<u>131,283</u>

Trade payables include transfer fees and other associated costs in relation to the acquisition of registrations of £156,292,000 (2015 £114,937,000) of which £40,304,000 (2015 £46,512,000) is due after more than one year

The fair value of trade and other payables is not materially different to their carrying amount

24 Borrowings

	2016 £'000	2015 £'000
Senior secured notes due 2027	314,341	265,734
Secured term loan facility due 2025	166,018	140,182
Secured bank loan due 2018	4,564	4,937
Accrued interest on senior secured notes	5,169	114
	<u>490,092</u>	<u>410,967</u>
Less non-current portion		
Senior secured notes due 2027	314,341	265,734
Secured term loan facility due 2025	166,018	140,182
Secured bank loan due 2018	4,169	4,566
Non-current borrowings	<u>484,528</u>	<u>410,482</u>
Current borrowings	<u>5,564</u>	<u>485</u>

The senior secured notes due 2027 of £314,341,000 (2015 £265,734,000) is stated net of unamortized issue costs amounting to £4,441,000 (2015 £4,760,000). The outstanding principal amount of the notes is \$425,000,000 (2015 \$425,000,000). The notes have a fixed coupon rate of 3.79% per annum and interest is paid semi-annually. The notes mature on 25 June 2027.

The Group has the option to redeem the notes in part, in an amount not less than 5% of the aggregate principal amount of the 2027 Notes then outstanding, or in full, at any time at 100% of the

Notes to the consolidated financial statements (Continued)

24 Borrowings (Continued)

principal amount plus a “make-whole” premium of an amount equal to the discounted value (based on the US Treasury rate) of the remaining interest payments due on the notes up to 25 June 2027

The notes were issued by our wholly-owned finance subsidiary, MU Finance plc, and are guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited, and Manchester United Football Club Limited and are secured against substantially all of the assets of those entities and MU Finance plc

The secured term loan facility due 2025 of £166,018,000 (2015 £140,182,000) is stated net of unamortized issue costs amounting to £2,749,000 (2015 £3,021,000). The outstanding principal amount of the loan is \$225,000,000 (2015 \$225,000,000). The loan now attracts interest of US dollar LIBOR plus an applicable margin of between 1.25% and 1.75% per annum and interest is paid monthly. The remaining balance of the loan is now repayable on 26 June 2025, although the Group continues to have the option to repay the loan at any time.

The loan was provided to our wholly-owned finance subsidiary, MU Finance plc, and is guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited, Manchester United Football Club Limited and MU Finance plc and is secured against substantially all of the assets of each of those entities.

The secured bank loan of £4,564,000 (2015 £4,937,000) comprises a bank loan within Alderley Urban Investments Limited, a subsidiary of Manchester United Limited, that attracts interest of LIBOR + 1% per annum. £920,000 (2015 £1,293,000) is repayable in quarterly installments through to July 2018, with the remaining balance of £3,644,000 (2015 £3,644,000) being re-payable at par on 9 July 2018. The loan is secured by way of a first legal charge over a Group investment property, known as the Manchester International Freight Terminal, and the loan is also guaranteed by Manchester United Limited.

The Group also has an undrawn committed borrowing facility of up to £125,000,000 plus (subject to certain conditions) the ability to incur a further £25,000,000 by way of incremental facilities. The facility terminates on 26 June 2021 (although it may be possible for any incremental facilities to terminate after such date). Drawdowns would attract interest of LIBOR or EURIBOR plus an applicable margin of between 1.25% and 1.75% per annum (depending on the total net leverage ratio at that time). No drawdowns were made from these facilities during 2016 or 2015.

The Group's revolving facility, the secured term loan facility and the note purchase agreement governing the senior secured notes each contain certain covenants, including a financial maintenance covenant that requires the Group to maintain a consolidated profit/loss for the period before depreciation, amortization of, and profit on disposal of, registrations, exceptional items, net finance costs and tax (“EBITDA”) of not less than £65 million for each 12 month testing period, as well as customary covenants, including (but not limited to) restrictions on incurring additional indebtedness, paying dividends or making other distributions, repurchasing or redeeming our capital stock or making other restricted payments, selling assets, including capital stock of restricted subsidiaries, entering into agreements that restrict distributions of restricted subsidiaries, consolidating, merging, selling or otherwise disposing of all or substantially all assets, entering into sale and leaseback transactions, entering into transactions with affiliates, and incurring liens. As of 30 June 2016, the Group was in compliance with all covenants under its revolving facility, the secured term loan facility and the note purchase agreement governing the senior secured notes.

Notes to the consolidated financial statements (Continued)

24 Borrowings (Continued)

Analysis of changes in net debt

Net debt is defined as non-current and current borrowings minus cash and cash equivalents. Net debt is a financial performance indicator that is used by the Group's management to monitor liquidity risk. The Group believes that net debt is meaningful for investors as it provides a clear overview of the net indebtedness position of the Group and is used by the Chief Operating Decision Maker in managing the business.

The following tables provide a reconciliation of the movement in the Group's net debt:

	At 1 July 2015 £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2016 £'000
Non-current borrowings	410,482	—	74,046	484,528
Current borrowings	485	(12,622)	17,701	5,564
Less cash and cash equivalents	(155,752)	(60,817)	(12,625)	(229,194)
	<u>255,215</u>	<u>(73,439)</u>	<u>79,122</u>	<u>260,898</u>

Non-cash movements largely comprise a foreign exchange loss arising on translation of the US dollar denominated secured term loan facility and senior secured notes, amortization of debt issue costs and the movement on accrued interest on senior secured notes, partially offset by a foreign exchange gain arising on translation of foreign currency denominated cash and cash equivalents.

	At 1 July 2014 £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2015 £'000
Non-current borrowings	326,803	48,433	35,246	410,482
Current borrowings	15,005	(34,723)	20,203	485
Less cash and cash equivalents	(66,365)	(86,251)	(3,136)	(155,752)
	<u>275,443</u>	<u>(72,541)</u>	<u>52,313</u>	<u>255,215</u>

Non-cash movements largely comprise a foreign exchange loss arising on translation of the US dollar denominated secured term loan facility and senior secured notes, amortization of debt issue costs, and the movement on accrued interest on senior secured notes.

Notes to the consolidated financial statements (Continued)

25 Deferred tax

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after allowable offset) for financial reporting purposes

	2016 £'000	2015 £'000
US deferred tax assets		
• Deferred tax assets to be recovered after more than 12 months	(131,652)	(121,555)
• Deferred tax assets to be recovered within 12 months	(13,808)	(12,085)
	<u>(145,460)</u>	<u>(133,640)</u>
UK deferred tax liabilities		
• Deferred tax liabilities to be recovered after more than 12 months	13,170	16,671
• Deferred tax liabilities to be recovered within 12 months	1,194	640
	<u>14,364</u>	<u>17,311</u>
Net deferred tax asset	<u>(131,096)</u>	<u>(116,329)</u>

The movement in US deferred tax assets are as follows

	Foreign tax credits £'000	Net operating losses £'000	Unrealized foreign exchange and derivative movements £'000	Intangible assets £'000	Other £'000	Total £'000
At 1 July 2014	(33,062)	(14,696)	12,400	(81,780)	(12,493)	(129,631)
Expensed/(credited) to income statement (note 10)	3,896	(20,421)	(1,046)	12,425	5,972	826
Expensed/(credited) to other comprehensive income	6,574	—	(11,409)	—	—	(4,835)
At 30 June 2015	(22,592)	(35,117)	(55)	(69,355)	(6,521)	(133,640)
(Credited)/expensed to income statement (note 10)	(13,834)	13,459	(7,473)	8,764	(2,076)	(1,160)
Expensed/(credited) to other comprehensive income	9,650	—	(20,310)	—	—	(10,660)
At 30 June 2016	<u>(26,776)</u>	<u>(21,658)</u>	<u>(27,838)</u>	<u>(60,591)</u>	<u>(8,597)</u>	<u>(145,460)</u>

Deferred tax assets are recognized only to the extent that it is probable that they will be available for use against future profits and that there will be sufficient future taxable profit available against which temporary differences can be utilized. At 30 June 2016, the current forecasts indicate that the Group will utilize US foreign tax credits, net operating losses and other temporary differences and accordingly, the associated deferred tax balances have recognized. US net operating losses can be carried forward up to twenty years and will fully expire if they are not utilized beforehand. US foreign tax credits can be carried forward up to ten years from the date when they crystallise and offset against future US taxable profits.

Notes to the consolidated financial statements (Continued)

25 Deferred tax (Continued)

The movement in UK net deferred tax liabilities are as follows

	Accelerated tax depreciation £'000	Rolled over gain on player disposal £'000	Non qualifying property £'000	Property fair value adjustment £'000	Net operating losses £'000	Other (including other fair value adjustments) £'000	Total £'000
At 1 July 2014	353	4,328	14,443	17,056	(6,056)	(1,287)	28,837
(Credited)/expensed to income statement (note 10)	(1,334)	(1,396)	(219)	(290)	173	(1,886)	(4,952)
Credited to other comprehensive income	—	—	—	—	—	(6,574)	(6,574)
At 30 June 2015	(981)	2,932	14,224	16,766	(5,883)	(9,747)	17,311
Expensed/(credited) to income statement (note 10)	1,665	326	(1,619)	(1,937)	4,088	2,711	5,234
Credited to other comprehensive income	—	—	—	—	—	(8,181)	(8,181)
At 30 June 2016	684	3,258	12,605	14,829	(1,795)	(15,217)	14,364

Deferred tax assets are recognized on losses carried forward only to the extent that it is probable that they will be available for use against future profits and that there will be sufficient future taxable profit available against which the temporary differences can be utilised. At 30 June 2016 the Group had no accessible unrecognized deductible temporary differences, UK tax losses or unused tax credits (2015 £nil).

Notes to the consolidated financial statements (Continued)

26 Cash generated from operations

	Notes	2016 £'000	2015 £'000	2014 £'000
Profit/(loss) before tax		48,833	(3,567)	40,503
Depreciation	13, 14	10,079	10,324	8,665
Impairment	6	6,693	—	293
Amortization	15	88,009	99,687	55,290
Loss/(profit) on disposal of intangible assets		9,786	(23,649)	(6,991)
Net finance costs		20,017	35,215	27,412
Loss on disposal of property, plant and equipment		126	5	24
Equity-settled share-based payments	22	1,795	1,352	1,138
Net foreign exchange differences		570	(584)	925
Fair value adjustments to derivative financial instruments		(8,230)	5,498	59
Reclassified from hedging reserve		1,382	(4,713)	(1,035)
Increase in inventories		(926)	—	—
(Increase)/decrease in trade and other receivables(1)		(31,741)	58,503	(59,866)
Increase in trade and other payables and deferred revenue(1)		54,471	16,950	36,762
Decrease in provisions		—	—	(1,475)
Cash generated from operations		<u>200,864</u>	<u>195,021</u>	<u>101,704</u>

(1) These amounts exclude non-cash movements in respect of the acquisition and disposal of registrations resulting in

- increases to intangible assets and trade and other payables of £98,165,000 (2015 £77,125,000, 2014 £75,060,000)
- decreases to intangible assets and trade and other receivables of £47,465,000 (2015 increase to trade and other receivables of £107,000, 2014 increase to trade and other receivables of £9,812,000)

27 Contingencies

At 30 June 2016, the Group had no material contingent liabilities in respect of legal claims arising in the ordinary course of business. Contingent fees are disclosed in note 29.2

28 Operating lease arrangements

28.1 The group as lessee

The Group leases various premises and plant and equipment under non-cancellable operating lease agreements. The majority of the lease agreements are renewable at the end of the lease period at market rate. The operating lease expenditure charged to the income statement during the year is

Notes to the consolidated financial statements (Continued)

28 Operating lease arrangements (Continued)

disclosed in note 5 The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	2016 £'000	2015 £'000
No later than 1 year	2,635	2,258
Later than 1 year and no later than 5 years	4,688	1,864
Later than 5 years	4,028	4,109
	<u>11,351</u>	<u>8,231</u>

28.2 The group as lessor

The Group leases out its investment properties The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows

	2016 £'000	2015 £'000
No later than 1 year	1,434	1,263
Later than 1 year and no later than 5 years	2,641	3,346
Later than 5 years	9,953	10,312
	<u>14,028</u>	<u>14,921</u>

29 Capital commitments and contingent fees

29.1 Capital commitments

As of 30 June 2016, the Group had capital commitments relating to property, plant and equipment amounting to £5.4 million (2015 £0.2 million) and to other intangible assets amounting to £nil (2015 £nil)

29.2 Contingent fees

Under the terms of certain contracts with other football clubs and agents in respect of player transfers, additional amounts, in excess of the amounts included in the cost of registrations, would be payable by the Group if certain substantive performance conditions are met These excess amounts are only recognized within the cost of registrations when the Company considers that it is probable that the condition related to the payment will be achieved The maximum additional amounts that could be payable is £41,582,000 (2015 £26,271,000) No material adjustment was required to the amounts included in the cost of registrations during the year (2015 and 2014 no material adjustments) and consequently there was no material impact on the amortization of registration charges in the income statement (2015 and 2014 no material impact)

Notes to the consolidated financial statements (Continued)

29 Capital commitments and contingent fees (Continued)

As of 30 June 2016 the potential amount payable by type of condition and category of player was

	First team squad £'000	Other £'000	Total £'000
Type of condition			
MUFC appearances/team success/new contract	26,133	4,462	30,595
International appearances	10,827	160	10,987
	<u>36,960</u>	<u>4,622</u>	<u>41,582</u>

As of 30 June 2015 the potential amount payable by type of condition and category of player was

	First team squad £'000	Other £'000	Total £'000
Type of condition			
MUFC appearances/team success/new contract	19,526	3,410	22,936
International appearances	3,200	135	3,335
	<u>22,726</u>	<u>3,545</u>	<u>26,271</u>

Similarly, under the terms of contracts with other football clubs for player transfers, additional amounts would be payable to the Group if certain specific performance conditions are met. In accordance with the recognition criteria for contingent assets, such amounts are only disclosed by the Group when probable and recognized when virtually certain. As of 30 June 2016, the amount of such receipt considered to be probable was £1.6 million (2015: £2.2 million).

30 Pension arrangements

30.1 Defined benefit scheme

The Group 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 Group 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 Group has received confirmation that the assets and liabilities of the Scheme cannot be split between the participating employers. The Group is advised only of the additional contributions it is required to pay to make good the deficit. These contributions could increase in the future if one or more of the participating employers exits the Scheme.

The last triennial actuarial valuation of the Scheme was carried out at 31 August 2014 where the total deficit on the ongoing valuation basis was £21.8 million. The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Group pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

A charge of £nil (2015: £1,247,000, 2014: £nil) has been made to the income statement during the year, representing the present value of the additional contributions the Group is expected to pay to remedy the revised deficit of the Scheme.

Notes to the consolidated financial statements (Continued)

30 Pension arrangements (Continued)

The Group currently pays total contributions of £437,000 per annum and, based on the actuarial valuation assumptions, will be sufficient to pay off the deficit by 28 February 2020

As of 30 June 2016, the present value of the Group's outstanding contributions (i.e. its future liability) is £1,566,000. This amounts to £420,000 (2015: £414,000) due within one year and £1,146,000 (2015: £1,566,000) due after more than one year and is included within other payables.

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2014), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt, then the remaining clubs may, in exceptional circumstances, have to share the deficit.

Upon the wind-up of the Scheme with a surplus, any surplus will be used to augment benefits. Under the more likely scenario of there being a deficit, this will be split amongst the clubs in line with their contribution schedule. Should an individual club choose to leave the Scheme, they would be required to pay their share of the deficit based on a proxy buyout basis (i.e. valuing the benefits on a basis consistent with buying out the benefits with an insurance company).

30.2 Defined contribution schemes

Contributions made to defined contribution pension arrangements are charged to the income statement in the period in which they become payable and for the year ended 30 June 2016 amounted to £2,427,000 (2015: £2,464,000, 2014: £2,382,000). As at 30 June 2016, contributions of £247,000 (2015: £283,000) due in respect of the current reporting period had not been paid over to the pension schemes.

The assets of all pension schemes to which the Group contributes are held separately from the Group in independently administered funds.

31 Financial risk management

31.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The policy for each of the above risks is described in more detail below.

a) Market risk

Currency risk

The Group is exposed to the following currency risks:

- Significant revenue received in Euros primarily as a result of participation in European cup competitions. During the year ended 30 June 2016 the Group received a total of €48.1 million of revenue denominated in Euros (2015: €6.2 million, 2014: €47.2 million). The Group seeks to hedge the majority of the currency risk of this revenue by placing forward contracts at the point at which it becomes reasonably certain that it will receive the revenue.

Notes to the consolidated financial statements (Continued)

31 Financial risk management (Continued)

- Significant amount of commercial revenue denominated in US dollars. During the year ended 30 June 2016 the Group recognized a total of \$182.6 million of revenue denominated in US dollars (2015: \$189.2 million, 2014: \$137.7 million). The currency risk on these US dollar revenues is hedged to the extent possible (see note 31.2 below).
- Risks arising from the US dollar denominated secured term loan facility and senior secured notes (see note 24). At 30 June 2016 the secured term loan facility and senior secured notes included principal amounts of \$650,000,000 (2015: \$650,000,000) denominated in US dollars. The currency risk on these US dollar borrowings (net of the Group's US dollar cash balances) is hedged to the extent possible (see note 31.2 below). Interest is paid on these borrowings in US dollars.
- Payments and receipts of transfer fees may also give rise to foreign currency exposures. Due to the nature of player transfers the Group may not always be able to predict such cash flows until the transfer has taken place. Where possible and depending on the payment profile of transfer fees payable and receivable the Group will seek to hedge future payments and receipts at the point it becomes reasonably certain that the payments will be made or the income will be received. When hedging income to be received, the Group also takes account of the credit risk of the counterparty.
- Risks arising from US dollar denominated deferred tax assets in respect of net operating losses. At 30 June 2016 the carrying value of these assets was \$88,014,000 (2015: \$55,629,000).

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The following table details the forward foreign currency contracts outstanding at the balance sheet date.

	2016				2015			
	Average exchange rate	Foreign currency €'000	Notional value £'000	Fair value £'000	Average exchange rate	Foreign currency €'000	Notional value £'000	Fair value £'000
Buy Euro	1.3122	(83,667)	(63,758)	6,391	1.2676	(73,375)	(57,887)	(5,557)
Sell Euro	1.3426	39,000	29,048	(3,718)	—	—	—	—

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are as follows:

	2016		2015	
	Euro €'000	US Dollar \$'000	Euro €'000	US Dollar \$'000
Monetary assets	116,596	265,565	15,437	214,317
Monetary liabilities	(142,406)	(661,324)	(83,932)	(651,029)
	<u>(25,810)</u>	<u>(395,759)</u>	<u>(68,495)</u>	<u>(436,712)</u>

At 30 June 2016:

- if pounds sterling had strengthened by 10% against the Euro, with all other variables held constant, equity and post-tax profit for the year would have been £2.0 million higher (2015: £1.3 million higher).

Notes to the consolidated financial statements (Continued)

31 Financial risk management (Continued)

- if pounds sterling had weakened by 10% against the Euro, with all other variables held constant, equity and post-tax profit for the year would have been £2.4 million lower (2015 £1.6 million lower)
- if pounds sterling had strengthened by 10% against the US dollar, with all other variables held constant, equity and post-tax profit for the year would have been £27.0 million higher (2015 £7.4 million higher)
- if pounds sterling had weakened by 10% against the US dollar, with all other variables held constant, equity and post-tax profit for the year would have been £33.0 million lower (2015 £9.0 million lower)

The Group also has a number of embedded foreign exchange derivatives in host Commercial revenue contracts. These are recognized separately in the financial statements at fair value since they are not closely related to the host contract. As of 30 June 2016 the fair value of such derivatives was a net asset of £5,248,000 (2015 net liability of £40,000).

Interest rate risk

The Group has no significant interest bearing assets other than cash on deposit which attracts interest at a small margin above UK base rates.

The Group's interest rate risk arises from its borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are denominated in US dollar and pounds sterling. Full details of the Group's borrowings and associated interest rates can be found in note 24.

The Group manages its cash flow interest rate risk where appropriate using interest rate swaps at contract lengths consistent with the repayment schedule of the borrowings. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Consequently, the impact on equity and post-tax profit of a 1.0% shift in interest rates would not be material to any periods presented.

The Group has entered into a number of swap agreements. Details of the interest rate swaps committed to at the balance sheet date are provided in note 31.2 below.

b) Credit risk

Credit risk is managed on a Group basis and arises from favorable derivative financial instruments, trade and other receivables (excluding prepayments) and cash and cash equivalents. Management does not expect any material losses from non-performance by these counterparties.

A substantial majority of the Group's Broadcasting revenue is derived from media contracts negotiated by the Premier League and UEFA with media distributors, and although the Premier League obtains guarantees to support certain of its media contracts, typically in the form of letters of credit issued by commercial banks, it remains the Group's single largest credit exposure. The Group derives commercial and sponsorship revenue from certain corporate sponsors, including global, regional, mobile, media and supplier sponsors in respect of which the Group may manage its credit risk by seeking advance payments, installments and/or bank guarantees where appropriate. The substantial majority of this revenue is derived from a limited number of sources. The Group is also exposed to

Notes to the consolidated financial statements (Continued)

31 Financial risk management (Continued)

other football clubs globally for the payment of transfer fees on players. Depending on the transaction, some of these fees are paid to the Group in installments. The Group tries to manage its credit risk with respect to those clubs by requiring payments in advance or, in the case of payments on installment, requiring bank guarantees on such payments in certain circumstances. However, the Group cannot ensure these efforts will eliminate its credit exposure to other clubs. A change in credit quality at one of the media broadcasters for the Premier League or UEFA, one of the Group's sponsors or a club to whom the Group has sold a player can increase the risk that such counterparty is unable or unwilling to pay amounts owed to the Group. Derivative financial instruments and cash and cash equivalents are placed with counterparties with a minimum Moody's rating of Aa3.

Credit terms offered by the Group vary depending on the type of sale. For seasonal match day facilities and sponsorship contracts, payment is usually required in advance of the season to which the sale relates. For other sales the credit terms typically range from 14 - 30 days, although specific agreements may be negotiated in individual contracts with terms beyond 30 days. For player transfer activities, credit terms are determined on a contract by contract basis. Of the net total trade receivable balance of £109,791,000 (2015 £47,849,000), £46,646,000 (2015 £20,693,000) relates to amounts receivable from various other football clubs in relation to player trading.

As of 30 June 2016, trade receivables of £90,304,000 (2015 £36,515,000) were neither past due nor impaired. Management considers that, based on historical information about default rates and the current strength of relationships (a number of which are recurring long term relationships) the credit quality of trade receivables that are neither past due nor impaired is good.

As of 30 June 2016, trade receivables of £19,487,000 (2015 £15,231,000) were past due but not impaired. These relate to independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2016 £'000	2015 £'000
Up to 3 months past due	14,283	9,619
Over 3 months past due	5,204	5,612
	<u>19,487</u>	<u>15,231</u>

As of 30 June 2016, trade receivables of £6,451,000 (2015 £3,897,000) were impaired and provided for. The individually impaired receivables largely relate to a transfer fee receivable of £2,082,000 (£2,500,000) (2015 £1,773,000 (£2,500,000)) due from one football club. The ageing of these receivables, based on due date, is as follows:

	2016 £'000	2015 £'000
Up to 3 months	—	104
Over 3 months	6,451	3,793
	<u>6,451</u>	<u>3,897</u>

Notes to the consolidated financial statements (Continued)

31 Financial risk management (Continued)

Movements on the provision for impairment of trade receivables are as follows:

	2016 £'000	2015 £'000
Brought forward	3,897	4,759
Provision for receivables impairment	3,680	593
Receivables written off during the year as uncollectible	—	(16)
Unused amounts reversed	(1,126)	(1,439)
Carried forward	<u>6,451</u>	<u>3,897</u>

c) Liquidity risk

The Group's policy is to maintain a balance of continuity of funding and flexibility through the use of secured term loan facilities, senior secured notes and other borrowings as applicable. The annual cash flow is cyclical in nature with a significant portion of cash inflows being received prior to the start of the playing season. Ultimate responsibility for liquidity risk management rests with the executive directors of Manchester United plc. The directors use management information tools including budgets and cash flow forecasts to constantly monitor and manage current and future liquidity.

Cash flow forecasting is performed on a regular basis which includes rolling forecasts of the Group's liquidity requirements to ensure that the Group has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. The Group's borrowing facilities are described in note 24. Financing facilities have been agreed at appropriate levels having regard to the Group's operating cash flows and future development plans.

Surplus cash held by the operating entities over and above that required for working capital management are invested by Group finance in interest bearing current accounts or money market deposits. As of 30 June 2016, the Group held cash and cash equivalents of £229,194,000 (2015 £155,752,000).

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual

Notes to the consolidated financial statements (Continued)

31 Financial risk management (Continued)

undiscounted cash flows including interest and therefore differs from the carrying amounts in the consolidated balance sheet

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade and other payables excluding social security and other taxes(1)	205,831	18,811	2,043	—
Borrowings	18,967	18,990	40,753	519,921
	224,798	37,801	42,796	519,921
Non-trading(2) and net settled derivative financial instruments				
cash outflow	6,685	4,812	7,770	7,770
cash inflow	(5,692)	(708)	—	—
At 30 June 2016	225,791	41,905	50,566	527,691
Trade and other payables excluding social security and other taxes(1)	118,898	43,104	6,753	—
Borrowings	16,418	16,442	51,637	512,682
	135,316	59,546	58,390	512,682
Non-trading(2) and net settled derivative financial instruments				
cash outflow	3,321	3,318	9,904	16,483
At 30 June 2015	138,637	62,864	68,294	529,165

(1) Social security and other taxes are excluded from trade and other payables balance, as this analysis is required only for financial instruments

(2) Non-trading derivatives are included at their fair value at the balance sheet date

31.2 Hedging activities

The Group uses derivative financial instruments to hedge certain exposures, and has designated certain derivatives as hedges of cash flows (cash flow hedge)

The Group hedges the foreign exchange risk on contracted future US dollar revenues whenever possible using the Group's US dollar net borrowings as the hedging instrument. The foreign exchange gains or losses arising on re-translation of the Group's US dollar net borrowings used in the hedge are initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. Amounts previously recognized in other comprehensive income and accumulated in the hedging reserve are subsequently reclassified into the income statement in the same accounting period, and within the same income statement line (i.e. Commercial revenue), as the underlying future US dollar revenues, which given the varying lengths of the commercial revenue contracts will be between July 2016 to June 2021. The foreign exchange gains or losses arising on re-translation of the Group's unhedged US dollar borrowings are recognized in the income statement

Notes to the consolidated financial statements (Continued)

31 Financial risk management (Continued)

immediately (within net finance costs) The table below details the net borrowings being hedged at the balance sheet date

	2016 \$'000	2015 \$'000
USD borrowings	650,000	650,000
USD cash	(100,800)	(138,500)
Net USD debt	549,200	511,500
Hedged future USD revenues	(394,690)	(470,404)
Unhedged USD borrowings	154,510	41,096
Closing USD exchange rate (\$ £)	1.3332	1.5712

The Group hedges its cash flow interest rate risk where appropriate using interest rate swaps at contract lengths consistent with the repayment schedule of the borrowings. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The effective portion of changes in the fair value of the interest rate swap are initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. Amounts previously recognized in other comprehensive income and accumulated in the hedging reserve are subsequently reclassified into the income statement in the same accounting period, and within the same income statement line (i.e. finance costs), as the underlying interest payments, which given the term of the swap will be between July 2016 to June 2024. The following table details the interest rate swaps at the balance sheet date that are used to hedge borrowings.

	2016	2015
Principal value of loan outstanding (\$'000)	225,000	225,000
Rate received	1 month \$ LIBOR	1 month \$ LIBOR
Rate paid	Fixed 2.032%	Fixed 2.032%
Expiry date	30 June 2024	30 June 2024

As of 30 June 2016 the fair value of the above interest rate swaps was a liability of £9,710,000 (2015 liability of £111,000)

Notes to the consolidated financial statements (Continued)

31 Financial risk management (Continued)

Details of movements on the hedging reserve are as follows

	Future US dollar revenues £'000	Interest rate swap £'000	Total, before tax £'000	Tax £'000	Total, after tax £'000
Balance at 1 July 2014	40,021	(147)	39,874	(13,956)	25,918
Foreign exchange loss on hedged US dollar net borrowings	(27,925)	—	(27,925)	9,774	(18,151)
Reclassified to income statement	(4,713)	2,060	(2,653)	930	(1,723)
Fair value movement	—	(2,024)	(2,024)	709	(1,315)
Movement recognized in other comprehensive income	(32,638)	36	(32,602)	11,413	(21,189)
Balance at 30 June 2015	7,383	(111)	7,272	(2,543)	4,729
Foreign exchange loss on hedged US dollar net borrowings	(49,808)	—	(49,808)	17,431	(32,377)
Reclassified to income statement	1,382	2,665	4,047	(1,416)	2,631
Fair value movement	—	(12,264)	(12,264)	4,292	(7,972)
Movement recognized in other comprehensive income	(48,426)	(9,599)	(58,025)	20,307	(37,718)
Balance at 30 June 2016	(41,043)	(9,710)	(50,753)	17,764	(32,989)

Based on exchange rates existing as of 30 June 2016, a 10% appreciation of the UK pounds sterling compared to the US dollar would have resulted in a credit to the hedging reserve in respect of future US dollar revenues of approximately £26,913,000 (2015 £27,217,000). Conversely, a 10% depreciation of the UK pounds sterling compared to the US dollar would have resulted in a debit to the hedging reserve in respect of US dollar future revenues of approximately £32,894,000 (2015 £33,266,000).

31.3 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. Capital is calculated as "equity attributable to owners of the parent" as shown in the balance sheet plus net debt. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the balance sheet) less cash and cash equivalents and is used by management in monitoring the net indebtedness of the Group. A reconciliation of net debt is shown in note 24.

As of 30 June 2016, the Group had total borrowings of £490.1 million (2015 £411.0 million). As described in note 24 above, the Group's revolving facility, the secured term loan facility and the note purchase agreement governing the 2027 Notes each contain certain covenants that restrict the activities of Red Football Limited and its subsidiaries. As of 30 June 2016, the Group was in compliance with all covenants under its revolving facility, the secured term loan facility and the note purchase agreement governing the 2027 Notes.

Notes to the consolidated financial statements (Continued)

31 Financial risk management (Continued)

31.4 Fair value estimation

The following table presents the financial instruments carried at fair value. The different levels used in measuring fair value have been defined as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2—inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices),
- Level 3—inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

	2016 £'000	2015 £'000
Assets		
Derivative financial assets at fair value through profit or loss (note 18)		
Embedded foreign exchange derivatives	5,248	27
Forward foreign exchange contracts	6,400	—
Liabilities		
Derivative financial liabilities designated as cash flow hedges (note 18)		
Interest rate swaps	(9,710)	(111)
Derivative financial liabilities at fair value through profit or loss (note 18)		
Embedded foreign exchange derivatives	—	(67)
Forward foreign exchange contracts	(3,727)	(5,557)
	<u>(1,789)</u>	<u>(5,708)</u>

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is categorised as Level 2.

All of the financial instruments detailed above are categorised as Level 2. Specific valuation techniques used include:

- The fair value of embedded foreign exchange derivatives is determined as the change in the fair value of the embedded derivative at the contract inception date and the fair value of the embedded derivative at the balance sheet date, the fair value of the embedded derivative is determined using forward exchange rates with the resulting value discounted to present value,
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value,
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Notes to the consolidated financial statements (Continued)

32 Related party transactions

The immediate parent undertaking of Manchester United plc is Red Football LLC, a company incorporated in the state of Delaware. The ultimate parent undertaking and controlling party is Red Football Limited Partnership, a limited partnership formed in the state of Nevada, United States of America whose general partner is Red Football General Partner, Inc., a corporation formed in the state of Nevada, United States of America. Red Football Limited Partnership and Red Football General Partner, Inc. are controlled by family trusts affiliated with the Glazer family.

Mr Kevin Glazer, a director of the Company, and certain members of his immediate family held an interest in the Group's US dollar denominated senior secured notes due 2017, however, they ceased to hold any the notes on 26 June 2015 when the notes were repaid in full. The US dollar denominated notes had a fixed coupon rate of 8.375%. Interest payable to Mr Kevin Glazer and certain members of his immediate family during the year amounted to £nil (2015 £302,000, 2014 £372,000) of which £nil (2015 £nil, 2014 £146,000) was accrued at the year end.

33 Subsidiaries

The following companies are the subsidiary undertakings of the Company as of 30 June 2016

Subsidiaries	Principal activity	Issued share capital	Description of share classes owned
Red Football Finance Limited*	Finance company	USD 0.01	100% Ordinary
Red Football Holdings Limited*	Holding company	GBP 150,000,001	100% Ordinary
Red Football Shareholder Limited	Holding company	GBP 99	100% Ordinary
Red Football Joint Venture Limited	Holding company	GBP 99	100% Ordinary
Red Football Limited	Holding company	GBP 99	100% Ordinary
Red Football Junior Limited	Holding company	GBP 100	100% Ordinary
Manchester United Limited	Commercial company	GBP 26,519,248	100% Ordinary
Alderley Urban Investments Limited	Property investment	GBP 2	100% Ordinary
Manchester United Commercial Enterprises (Ireland) Limited	Property investment	EUR 13	100% Ordinary
Manchester United Football Club Limited	Professional football club	GBP 1,008,546	100% Ordinary
Manchester United Interactive Limited	Media company	GBP 10,000	100% Ordinary
MU Commercial Holdings Limited	Holding company	GBP 101	100% Ordinary
MU Commercial Holdings Junior Limited	Holding company	GBP 101	100% Ordinary
MU Finance plc	Debt-holding company	GBP 15,000,000	100% Ordinary
MU RAML Limited	Retail and licensing company	GBP 100	100% Ordinary
MUTV Limited	Subscription TV channel	GBP 2,401	100% Ordinary

* Direct investment of Manchester United plc, others are held by subsidiary undertakings

All of the above are incorporated and operate in England and Wales, with the exception of Red Football Finance Limited which is incorporated and operates in the Cayman Islands and Manchester United Commercial Enterprises (Ireland) Limited which is incorporated and operates in Ireland. The registered office or principal executive office of all the above, with the exception of Manchester United

Notes to the consolidated financial statements (Continued)

33 Subsidiaries (Continued)

Commercial Enterprises (Ireland) Limited, is Sir Matt Busby Way, Old Trafford, Manchester, M16 0RA, United Kingdom. The registered office of Manchester United Commercial Enterprises (Ireland) Limited is 4th Floor, 8-34 Percy Place, Ballsbridge, Dublin 4, Republic of Ireland.

34 Events after the balance sheet date

The playing registrations of certain footballers have been disposed of, subsequent to 30 June 2016, for total proceeds, net of associated costs, of £7,717,000. The associated net book value was £126,000.

Subsequent to 30 June 2016 the playing registrations of certain players were acquired or extended for a total consideration, including associated costs, of £160,565,000. No payments are due over 5 years.

35 Additional information—Financial Statement Schedule I

Schedule I has been provided pursuant to the requirements of Securities and Exchange Commission (“SEC”) Regulation S-X Rule 12-04(a), which require condensed financial information as to financial position, cash flows and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented, as the restricted net assets of Manchester United plc’s consolidated subsidiaries as of 30 June 2016 exceeded the 25% threshold.

As of 30 June 2016, the Group had total borrowings of £490.1 million (2015: £411.0 million). As described in note 24 above, the Group’s revolving facility, the secured term loan facility and the note purchase agreement governing the 2027 Notes each contain certain covenants that restrict the activities of Red Football Limited and its subsidiaries, including restricted payment covenants. The restricted payment covenants allow dividends in certain circumstances, including to the extent dividends do not exceed 50% of the cumulative consolidated net income of Red Football Limited and its restricted subsidiaries, provided there is no event of default and Red Football Limited is able to meet the principal and interest payments on its debt under a fixed charge coverage test. As of 30 June 2016, the Group was in compliance with the restricted payment covenants and all other covenants under its revolving facility, the secured term loan facility and the note purchase agreement governing the 2027 Notes.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with International Financial Reporting Standards have been condensed or omitted. The footnote disclosures contain supplemental information only and, as such, these statements should be read in conjunction with the notes to the accompanying consolidated financial statements.

The condensed financial information has been prepared using the same accounting policies as set out in the consolidated financial statements, except that investments in subsidiaries are included at cost less any provision for impairment in value.

As of 30 June 2016, 2015 and 2014 there were no material contingencies, significant provisions of long-term obligations, mandatory dividend or redemption requirements of redeemable stocks or guarantees of the Company, except for those which have been separately disclosed in the consolidated financial statements, if any.

During the year ended 30 June 2016, cash dividends of £0.12 per share were declared and paid by the Company. During the years ended 30 June 2015 and 2014, no cash dividends were declared and paid by the Company.

Notes to the consolidated financial statements (Continued)

35 Additional information—Financial Statement Schedule I (Continued)

Condensed income statement of the Company

	Year ended 30 June		
	2016 £'000	2015 £'000	2014 £'000
Revenue	—	—	—
Operating expenses	(84)	(144)	(682)
Exceptional items	—	(1,089)	—
Operating loss	(84)	(1,233)	(682)
Finance costs	—	—	(15)
Income from shares in group undertakings	20,084	—	—
Profit/(loss) on ordinary activities before tax	20,000	(1,233)	(697)
Tax expense	—	—	—
Profit/(loss) for the year	20,000	(1,233)	(697)

There were no items of other comprehensive loss or income in the years ended 30 June 2016, 2015 or 2014 and therefore no statement of comprehensive income has been presented

Condensed balance sheet of the Company

	As of 30 June	
	2016 £'000	2015 £'000
ASSETS		
Non-current assets		
Investment in subsidiaries	319,265	319,265
	<u>319,265</u>	<u>319,265</u>
Current assets		
Current tax receivable	124	—
Cash and cash equivalents	221	224
	<u>345</u>	<u>224</u>
Total assets	319,610	319,489
EQUITY AND LIABILITIES		
Equity		
Share capital	52	52
Share premium	68,822	68,822
Retained earnings	248,140	246,429
	<u>317,014</u>	<u>315,303</u>
Current liabilities		
Other payables	2,596	4,186
	<u>2,596</u>	<u>4,186</u>
Total equity and liabilities	319,610	319,489

Notes to the consolidated financial statements (Continued)

35 Additional information—Financial Statement Schedule I (Continued)

Condensed statement of changes in equity of the Company

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2013	52	68,822	245,869	314,743
Loss for the year	—	—	(697)	(697)
Total comprehensive income for the year	—	—	(697)	(697)
Equity-settled share based payments	—	—	1,138	1,138
Balance at 30 June 2014	52	68,822	246,310	315,184
Loss for the year	—	—	(1,233)	(1,233)
Total comprehensive loss for the year	—	—	(1,233)	(1,233)
Equity-settled share based payments	—	—	1,352	1,352
Balance at 30 June 2015	52	68,822	246,429	315,303
Profit for the year	—	—	20,000	20,000
Total comprehensive loss for the year	—	—	1,795	1,795
Equity-settled share based payments	—	—	(20,084)	(20,084)
Dividends paid	—	—	—	—
Balance at 30 June 2016	52	68,822	248,140	317,014

Condensed statement of cash flows of the Company

	Year ended 30 June		
	2016 £'000	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit/(loss) before tax	20,000	(1,233)	(697)
Net finance costs	—	—	15
Equity-settled share-based payments	1,795	1,352	1,138
Increase in other receivables	(124)	—	—
Decrease in other payables	(1,590)	(101)	(467)
Cash generated from/(used in) operations	20,081	18	(11)
Interest paid	—	—	(15)
Net cash generated from/(used in) operating activities	20,081	18	(26)
Cash flows from financing activities			
Dividends paid	(20,084)	—	—
Net cash generated from/(used in) financing activities	(20,084)	—	—
Net (decrease)/increase in cash and cash equivalents	(3)	18	(26)
Cash and cash equivalents at beginning of year	224	206	232
Cash and cash equivalents at end of year	221	224	206

Notes to the consolidated financial statements (Continued)

35 Additional information—Financial Statement Schedule I (Continued)

The following reconciliations are provided as additional information to satisfy the Schedule I SEC requirements for parent-only financial information

	<u>2016</u> <u>£'000</u>	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
IFRS (loss)/profit reconciliation:			
Parent only—IFRS profit/(loss) for the year	20,000	(1,233)	(697)
Additional profit if subsidiaries had been accounted for on the equity method of accounting as opposed to cost	<u>16,371</u>	<u>338</u>	<u>24,532</u>
Consolidated IFRS profit/(loss) for the year	<u>36,371</u>	<u>(895)</u>	<u>23,835</u>
IFRS equity reconciliation:			
Parent only—IFRS equity	317,014	315,303	315,184
Additional profit if subsidiaries had been accounted for on the equity method of accounting as opposed to cost	<u>141,268</u>	<u>162,615</u>	<u>183,466</u>
Consolidated—IFRS equity	<u>458,282</u>	<u>477,918</u>	<u>498,650</u>

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf

Manchester United plc
(Registrant)

Date 15 September 2016

By /s/ EDWARD WOODWARD

Name Edward Woodward

Title *Executive Vice Chairman*

EXHIBITS

- 1 1 Amended and Restated Memorandum and Articles of Association of Manchester United plc dated as of 8 August 2012 (included as Exhibit 3.1 to our Registration Statement on Form F-1/A (File No 333-182535), filed with the SEC on 30 July 2012, as amended)
- 2 1 Specimen Ordinary Share Certificate of Manchester United plc (included as Exhibit 4.1 to our Registration Statement on Form F-1/A (File No 333-182535), filed with the SEC on 30 July 2012, as amended)
- 4 1 Agreement, dated 19 May 2008, between The Royal Bank of Scotland plc, as agent for National Westminster Bank plc, and Alderley Urban Investments (included as Exhibit 10.3 to our Registration Statement on Form F-1/A (File No 333-182535), filed with the SEC on 16 July 2012, as amended)
- 4 2 Amendment and Restatement Agreement relating to the Secured Term Facility, dated 11 August 2014, between Red Football Limited and Bank of America, N A , as Agent and Original Lender (included as Exhibit 4.1 to our Report on Form 6-K (File No 001-35627), filed with the SEC on 12 August 2014)
- 4 3 Amendment and Restatement Agreement relating to the Secured Term Facility, dated 15 May 2015, among Red Football Limited, Bank of America, N A , as Original Agent, and Bank of America Merrill Lynch International Limited, as Agent and Lender (included as Exhibit 10.1 to our Registration Statement on Form F-3 (File No 333-206985), filed with the SEC on 17 September 2015)
- 4 4 Revolving Facilities Agreement, dated 22 May 2015, among Red Football Limited, MU Finance plc, the guarantors party thereto, Bank of America, N A , as Arranger, the Original Lenders named therein, and Bank of America Merrill Lynch International Limited, as Agent and Security Trustee (included as Exhibit 10.2 to our Registration Statement on Form F-3 (File No 333-206985), filed with the SEC on 17 September 2015)
- 4 5 Note Purchase Agreement, dated 27 May 2015, among MU Finance plc, the guarantors party thereto, the purchasers listed therein and the Bank of New York Mellon, as Paying Agent (included as Exhibit 4.3 to our Registration Statement on Form F-3 (File No 333-206985), filed with the SEC on 17 September 2015)
- 4 6 Term Facility Amendment Letter, dated 26 June 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender (included as Exhibit 10.3 to our Registration Statement on Form F-3 (File No 333-206985), filed with the SEC on 17 September 2015)
- 4 7 Second Term Facility Amendment Letter, dated 11 September 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender (included as Exhibit 4.7 to our Annual Report on Form 20-F (File No 333-183277), filed with the SEC on 15 October 2015)
- 4 8 Revolving Facilities Amendment Letter, dated 7 October 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender (included as Exhibit 4.8 to our Annual Report on Form 20-F (File No 333-183277), filed with the SEC on 15 October 2015)
- 4 9 2012 Equity Incentive Award Plan (included as Exhibit 4.2 to our Registration Statement on Form S-8 (File No 333-183277), filed with the SEC on 13 August 2012)
- 4 10 Premier League Handbook, Season 2015/16 (included as Exhibit 4.11 to our Annual Report on Form 20-F (File No 001-35627), filed with the SEC on 15 October 2015)
- 4 11 Premier League Handbook, Season 2016/17

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- 8 1 List of significant subsidiaries (included in note 33 to our audited consolidated financial statements included in this Annual Report)
 - 12 1 Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
 - 12 2 Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
 - 13 1 Certification of Chief Executive Officer pursuant to 18 U S C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
 - 13 2 Certification of Chief Financial Officer pursuant to 18 U S C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
 - 15 1 Consent of PricewaterhouseCoopers LLP

CERTIFICATION

I, Joel Glazer, certify that

- 1 I have reviewed this annual report on Form 20-F of Manchester United plc,
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report,
- 3 Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report,
- 4 The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared,
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,
 - c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and
 - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting, and
- 5 The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function)
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarise and report financial information, and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting

Date 15 September 2016

By /s/ JOEL GLAZER

Joel Glazer
Executive Co-Chairman
(Principal Executive Officer)

CERTIFICATION

I, Cliff Baty, certify that

- 1 I have reviewed this annual report on Form 20-F of Manchester United plc,
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report,
- 3 Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report,
- 4 The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have
 - a Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared,
 - b Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles,
 - c Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and
 - d Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting, and
- 5 The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function)
 - a All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarise and report financial information, and
 - b Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting

Date 15 September 2016

By /s/ CLIFF BATY

Cliff Baty
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this annual report on Form 20-F of Manchester United plc (the "Company") for the fiscal year ended 30 June 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joel Glazer, Executive Co-Chairman of the Company and Principal Executive Officer, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge

- (i) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

Date 15 September 2016

By /s/ JOEL GLAZER

Joel Glazer
Executive Co-Chairman
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this annual report on Form 20-F of Manchester United plc (the "Company") for the fiscal year ended 30 June 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cliff Baty, Chief Financial Officer of the Company and Principal Financial Officer of the Company, hereby certify pursuant to 18 U S C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge

- (i) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

Date 15 September 2016

By /s/ CLIFF BATY

Cliff Baty
Chief Financial Officer
(Principal Financial Officer)

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No 333-183277) and F-3 (No 333-206985) of Manchester United plc of our report dated 15 September 2016 relating to the financial statements, which appears in this Form 20-F

/s/ PricewaterhouseCoopers LLP

Manchester, United Kingdom
15 September 2016