

COMPANY REGISTRATION NUMBER 06233875

LEEDS UNITED FOOTBALL CLUB LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2014

FRIDAY



A442SA7X

A09

27/03/2015

#176

COMPANIES HOUSE

LEEDS UNITED FOOTBALL CLUB LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

CONTENTS	PAGES
Officers and professional advisers	1
Strategic report	2
Directors' report	3 to 4
Statement of directors' responsibilities	5
Independent auditor's report to the shareholders	6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 to 23

LEEDS UNITED FOOTBALL CLUB LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

M Cellino
Ercole Cellino
Edoardo Cellino
D Arty
S Patel
J Patel
A Umbers

REGISTERED OFFICE

Elland Road
Leeds
LS11 0ES

AUDITOR

Gibson Booth
Chartered Accountants
& Statutory Auditor
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

BANKERS

Barclays Bank plc
69 Albion Street
Leeds
LS1 5AA

SOLICITORS

Mischon de Reya
Summit House
12 Red Lion Square
London Square
London
WC1R 4QD

McCormicks Solicitors
37 East Parade
Harrogate
HG1 5LQ

LEEDS UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT

YEAR ENDED 30 JUNE 2014

REVIEW OF BUSINESS ACTIVITIES

On the football side of our business the summer months prior to the 2013/14 season brought high expectancy amongst the Leeds United supporters as manager Brian McDermott added to the squad with the early additions of players Luke Murphy and Matt Smith.

The early stages of the season were promising and a promotion push was very much expected. At the midway point of the campaign we were just one point away from the much sought-after Play-Off place. However, poor results in the second half of the season resulted in a finishing position of 15th in the Championship. What was expected to be a promising footballing year became a disappointing one.

In financial terms, the performance in 2013/14 was also disappointing. Total revenues, when compared to the prior year, fell by approximately 11% to £25.3m, with gate receipts falling by 12% in value terms and commercial revenues by 17%. Post tax losses rose to circa £22.9m from a loss of £9.6m compared to the prior year. There was also a significant deterioration in the balance sheet which can be highlighted by the very large increase in the long term creditor position.

FUTURE DEVELOPMENTS

Addressing the many structural and financial issues within Leeds United will take time. Post April 2014 and with our arrival as the new owners of Leeds United Football Club there has been a full strategic review. We, the Board, recognise the perilous state that the club finds itself in. It is important though, that we don't apportion blame on previous owners or management. We have to move forward as a business. Our task is very simple: This is a football club that its fans own, and I am, as its major shareholder, a steward and a guest and one who needs to take its patient out of a 'critical condition', put it in to 'accident and emergency' and then allow it to independently walk and then run.

The strategic review encompassed everything within the football club. One part has already resulted in a significant cost cutting and redundancy plan on the playing and administrative sides of our business. These initiatives will continue in order to save material costs now and in to the future. Other parts of the review have addressed our deteriorating revenues: Inheriting mostly mortgaged commercial revenues represented an enormous dilemma in cash terms for us. Changes that are to hand and current and in to the future will leave this club with unencumbered revenues.

Over 75% of our revenue (including gate receipts, some commercial and merchandising revenues) is generated by our fans. This monetary size of contribution represents a love affair with a club that is unique in all of the 25 years that I have been involved in football. It is a responsibility that I accept and embrace.

The changes in our playing staff over the last 4 months have been significant. Due to the winding up petition that we faced in the High Court in May and June 2014, time was never on our side at the beginning of the 2014/15 season as we hastily bought and integrated so many new players. It is my hope and firm belief, though, that we now have the nucleus of a good 1st team squad and coaching staff and one that, with some strengthening in certain areas, will continue to improve and perform over time.

You will also understand that that there has been some major financial investment throughout the last six months to June 30th 2014 and more beyond from myself and Eleonora Sport. This was a necessity to stave off financial meltdown even after the capital injections in July, October and November by GFH. You might be pleased to know that whilst we will fail the Championship Financial Fair Play as a consequence of the historic and reported set of results for 2013/14, we don't envisage being in the same position again. My objective, as your President, and in financial terms, is to never again let this club be held to financial ransom. Creating financial sustainability will take twelve to eighteen month from this report date. We have already achieved financial stability in calendar year 2014!

Leeds United belongs to the community, the City and its fans. It needs to own its own assets; it needs to embrace real relationships with all of these. We, at Leeds United, accept these responsibilities and we firmly believe that we are underway in rebuilding these bridges and growing the football club.

There are many positive and cultural changes happening within Leeds United currently. Let us continue this work and when times are right we will keep you abreast of our work. There is much work to do.

Following various agreements signed during 2014 and taking into consideration a signed resolution concerning an increase of capital dated November 30th 2014, the interest of 75% directly or indirectly held by Eleonora Sport Limited and of 25% directly or indirectly held by GFH in the company will be confirmed.

Signed on behalf of the directors

M CELLINO
Director

Approved by the directors on 14 January 2015

LEEDS UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2014

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

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £22,886,464. The directors have not recommended a dividend.

FINANCIAL INSTRUMENTS

The company's financial instruments comprise of borrowings such as secured and unsecured loans and advanced receipts in respect of the ordinary activities of the club, cash and liquid resources, finance leases and various other items such as trade debtors and trade creditors that also arise directly from its operations.

FINANCIAL RISK MANAGEMENT AND EXPOSURE TO RISK

In order to minimise financial risk the directors of the company have taken the decision not to engage in trades of a speculative nature. At the year end the company had no foreign currency exposure. Other risks and uncertainties may arise dependent on the performance of the football team.

CASH FLOW

The company continues to ensure that cash flows are closely monitored on a daily basis and reviews its overall financial requirements on an annual basis. This policy will be maintained for the foreseeable future.

DIRECTORS

The directors who served the company during the year were as follows:

M Cellino	(Appointed 8 April 2014)
Ercole Cellino	(Appointed 8 April 2014)
Edoardo Cellino	(Appointed 8 April 2014)
D Arty	(Appointed 8 April 2014)
S Patel	
J Patel	(Appointed 11 June 2014)
S Harvey	(Resigned 16 September 2013)
H Alrayes	(Resigned 16 September 2013)
D Haigh	(Removed 3 June 2014)
S Nooruddin	(Resigned 11 June 2014)

A Umbers was appointed as a director on 1 January 2015.

DONATIONS

During the year the company made donations totalling £100,000 to the Leeds United Foundation, a charity based at Elland Road in Leeds. The Leeds United Foundation is not controlled by the Directors of Leeds United Football Club Limited. The Leeds United Foundation is a not for profit, grass roots sports charity. It delivers a wide range of sessions and courses within a broad based portfolio, designed to engage whole communities in the culture of Football. The activities include sports participation, health, social inclusion and educational programmes for children in and around the Leeds area.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered. In event of members of staff becoming disabled, every opportunity is made to ensure their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE INVOLVEMENT

The company's employment policies are designed to attract, retain and motivate the best people. The company involves employees at all levels of the organisation through a broad base of regular communication, meetings and briefing sessions to understand current performance and communicate future developments.

LEEDS UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2014

AUDITOR

Gibson Booth are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:
Elland Road
Leeds
LS11 0ES

Signed on behalf of the directors

M CELLINO
Director

Approved by the directors on 14th January 2015

LEEDS UNITED FOOTBALL CLUB LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 30 JUNE 2014

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

LEEDS UNITED FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LEEDS UNITED FOOTBALL CLUB LIMITED

YEAR ENDED 30 JUNE 2014

We have audited the financial statements of Leeds United Football Club Limited for the year ended 30 June 2014 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

ALISTAIR RUSSELL FCA (Senior
Statutory Auditor)
For and on behalf of
GIBSON BOOTH
Chartered Accountants
& Statutory Auditor

13/2/15

LEEDS UNITED FOOTBALL CLUB LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 JUNE 2014**

		2014 £	2013 £
TURNOVER	Note 2	25,290,530	28,567,937
Cost of sales		(6,224,396)	(5,557,748)
GROSS PROFIT		19,066,134	23,010,189
Administrative expenses		(37,212,169)	(35,120,966)
Other operating income		304,471	—
OPERATING LOSS	3	(17,841,564)	(12,110,777)
(Loss)/profit on disposal of players' registrations		(392,510)	3,907,300
Interest payable and similar charges	6	(2,066,860)	(1,243,851)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(20,300,934)	(9,447,328)
Tax on loss on ordinary activities	7	(2,585,530)	(104,470)
LOSS FOR THE FINANCIAL YEAR		<u>(22,886,464)</u>	<u>(9,551,798)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 23 form part of these financial statements.

LEEDS UNITED FOOTBALL CLUB LIMITED

BALANCE SHEET

30 JUNE 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Intangible assets	8	7,891,935	9,859,004
Tangible assets	9	11,412,700	12,150,653
		<u>19,304,635</u>	<u>22,009,657</u>
CURRENT ASSETS			
Stocks	10	637,982	1,442,052
Debtors due within one year	11	8,836,720	8,031,592
Debtors due after one year	11	–	2,246,000
Cash at bank		12,113,047	258,889
		<u>21,587,749</u>	<u>11,978,533</u>
CREDITORS: Amounts falling due within one year	13	<u>(18,734,657)</u>	<u>(28,594,663)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>2,853,092</u>	<u>(16,616,130)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,157,727</u>	<u>5,393,527</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(35,635,510)</u>	<u>(3,984,846)</u>
		<u>(13,477,783)</u>	<u>1,408,681</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	4,500,000	500,000
Share premium account	22	4,000,000	–
Profit and loss account	22	(21,977,783)	908,681
(DEFICIT)/SHAREHOLDERS' FUNDS	22	<u>(13,477,783)</u>	<u>1,408,681</u>

These accounts were approved by the directors and authorised for issue on 14th January 2014 and are signed on their behalf by:

M GELLINO

Company Registration Number: 06233875

The notes on pages 10 to 23 form part of these financial statements.

LEEDS UNITED FOOTBALL CLUB LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2014

	Note	2014 £	2013 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	23	(7,538,344)	4,378,554
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(496,884)	(376,753)
Interest element of finance leases		(63,774)	(67,098)
Dividends on shares classed as financial liabilities		—	(800,000)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(560,658)	(1,243,851)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets		(2,302,432)	(4,732,304)
Payments to acquire tangible fixed assets		(666,141)	(577,615)
Receipts from sale of fixed assets		174,750	4,413,885
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(2,793,823)	(896,034)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(10,892,825)	2,238,669
FINANCING			
Issue of equity share capital		4,000,000	—
Share premium on issue of equity share capital		4,000,000	—
Redemption of shares classed as financial liabilities		—	(3,093,000)
Movement in short term borrowings		75,437	—
New long-term loans from group undertakings		10,967,560	—
New long-term loans from related parties		4,100,000	—
Other new long-term loans		1,274,581	—
Repayment of other long-term loans		(1,572,000)	—
Capital element of finance leases		(98,595)	(167,166)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		22,746,983	(3,260,166)
INCREASE/(DECREASE) IN CASH	24	11,854,158	(1,021,497)

The notes on pages 10 to 23 form part of these financial statements.

LEEDS UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES

Basis of accounting

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

At 30 June 2014 the company had net liabilities of £13,477,783 (2013: £1,408,681 net assets) and net current assets after deducting debtors due after one year of £2,853,092 (2013: £18,862,130 net liabilities). The directors have prepared and reviewed forecasts and, as part of their assessment of the going concern status of the company, they have received written confirmation from Mr Massimo Cellino and other group companies stating that amounts payable will not be called in for a period of no less than twelve months from approval of the financial statements. As a result, the directors consider that it is appropriate to prepare the accounts on the going concern basis.

Turnover

Turnover represents income receivable from football and related commercial activities, exclusive of VAT. Gate receipts and other match day revenue are recognised as the games are played. The club also receives central distributions from the Football League and a solidarity payment from the Premier League that are beyond the direct control of the officers of the club. These distributions are recognised evenly over the course of the financial year.

Revenue derived from season tickets is credited to income in the period to which it relates. Amounts received in advance are credited to deferred income in the balance sheet.

Sponsorship, advertising and similar commercial income is recognised over the duration of the respective contracts. Amounts received in advance are credited to deferred income in the balance sheet.

Facility fees received for live coverage or highlights are taken when earned.

Intangible fixed assets - goodwill

Goodwill relating to the football club is being amortised in equal instalments over 50 years based on the longevity of the club and the strength of the brand, all other goodwill is amortised over a 20 year period. Goodwill is reviewed annually to ensure that it is not impaired.

Intangible fixed assets - player registrations

In line with FRS 10: Goodwill and intangible assets, the costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets and amortised, in equal annual instalments, over the period of the respective players' contract. The transfer fee levy refund received during the year is credited against additions to intangible assets. Players' registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

Intangible fixed assets - trademarks

Trademarks are being amortised in equal annual instalments over 10 years.

Tangible fixed assets

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Alterations and improvements	- 2 - 20 years straight line
Fixtures and fittings	- 1 - 20 years straight line
Leasehold land and buildings	- 0 - 34 years straight line

Assets under the course of construction are not depreciated until they are brought into productive use.

Stocks

Stocks, which comprise goods for resale, are stated at the lower of cost and net realisable value.

LEEDS UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES *(continued)*

Leases

Assets under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over their estimated useful life. Finance charges are allocated evenly over the period of the lease in proportion to the capital amount outstanding.

Operating lease rentals are charged to profit and loss in equal amounts over the term of the lease.

Pension costs

For defined contribution schemes the pension cost charged in the year represents contributions payable by the group to various pension schemes. For defined benefit schemes the expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit there earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Signing-on fees

Signing-on fees represent a normal part of the employment cost of the player and as such are to be charged to the profit and loss account over the term of the contract, except in the circumstances of a player disposal. In that case, any remaining signing-on fees due are allocated in full against the profit on disposal of players' registrations in the year in which the player disposal is made.

2. TURNOVER

All relates to the principal activity of operating a professional football club and arises from activities within the UK.

	2014	2013
	£	£
Gate receipts	8,561,702	9,721,272
Television and broadcasting income	406,750	825,315
Merchandising income	5,513,681	5,871,890
Central distributions	4,127,800	4,060,025
Other commercial revenue	6,680,597	8,089,435
	<u>25,290,530</u>	<u>28,567,937</u>

LEEDS UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2014	2013
	£	£
Amortisation of intangible assets	2,949,634	1,937,707
Impairment of intangible fixed assets	770,372	–
Depreciation of owned fixed assets	1,299,878	1,322,563
Depreciation of assets held under finance lease agreements	92,000	122,000
Profit on disposal of fixed assets	(5,549)	(1,500)
Operating lease costs:		
- Plant and equipment	8,000	10,000
- Other	1,945,914	1,892,049
Net profit on foreign currency translation	(120,057)	–
Preference share monitoring fee	–	87,000
Impairment of Yorkshire Radio Limited inter-company debtor	230,740	1,498,000
Auditor's remuneration - audit of the financial statements	19,500	32,000
Auditor's remuneration - other fees	12,750	21,000

	2014	2013
	£	£
Auditor's remuneration - audit of the financial statements	19,500	32,000

Auditor's remuneration - other fees:

	2014	2013
	£	£
- Taxation services	1,000	10,000
- Interim review	11,750	11,000
	12,750	21,000

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2014	2013
	No	No
Full-time playing staff	44	47
Apprentices	19	11
Football team management	12	20
Management/administration	107	128
	182	206

In addition to the above employees, on match days the company employs approximately 382 (2013: 437) casual part-time employees.

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	20,117,561	17,829,944
Social security costs	2,192,700	2,080,411
Other pension costs	59,845	94,046
	22,370,106	20,004,401

LEEDS UNITED FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2014**

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Aggregate remuneration	514,397	767,874
Pension contributions	7,500	26,002
	<u>521,897</u>	<u>793,876</u>

Remuneration of highest paid director:

	2014	2013
	£	£
Aggregate remuneration	394,043	718,379
Pension contributions	–	26,002
	<u>394,043</u>	<u>744,381</u>

One of the directors was accruing benefits under a defined contribution pension scheme (2013: one).

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Finance charges	63,774	67,098
Interest on other loans	2,003,086	269,678
Preference share redemption premium	–	800,000
Preference share transaction fees	–	107,075
	<u>2,066,860</u>	<u>1,243,851</u>

7. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2014	2013
	£	£
Deferred tax:		
Origination and reversal of timing differences		
Losses	<u>2,585,530</u>	<u>104,470</u>

LEEDS UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 22.50% (2013 - 23.75%).

	2014 £	2013 £
Loss on ordinary activities before taxation	(20,300,934)	(9,447,328)
Loss on ordinary activities by rate of tax	(4,567,710)	(2,244,000)
Expenses not deductible for tax purposes	173,368	232,000
Depreciation in excess of capital allowances	850,474	(16,000)
Group relief	-	57,000
Intercompany write offs	34,666	415,000
Redemption of preference shares	-	215,000
Short term timing differences and losses not utilised	3,509,202	1,341,000
Total current tax (note 7(a))	-	-

(c) Factors that may affect future tax charges

The company has losses of approximately £64 million (2013: £49 million) to carry forward against future profits.

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Trademarks £	Player registrations £	Total £
COST				
At 1 July 2013	5,984,321	10,398	6,663,603	12,658,322
Additions	-	-	2,302,432	2,302,432
Disposals	-	-	(2,360,335)	(2,360,335)
At 30 June 2014	5,984,321	10,398	6,605,700	12,600,419
AMORTISATION				
At 1 July 2013	695,321	3,466	2,100,531	2,799,318
Charge for the year	119,955	1,040	2,828,639	2,949,634
Impairment for the year	-	-	770,372	770,372
On disposals	-	-	(1,810,840)	(1,810,840)
At 30 June 2014	815,276	4,506	3,888,702	4,708,484
NET BOOK VALUE				
At 30 June 2014	5,169,045	5,892	2,716,998	7,891,935
At 30 June 2013	5,289,000	6,932	4,563,072	9,859,004

Following a review of the playing squad at the year end and the subsequent release of several players the Directors have taken the decision to impair the value of several members of the First Team squad. A total of £770,372 (2013: £nil) has been charged to the profit and loss in respect of this impairment.

LEEDS UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

9. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Alterations and improvements £	Fixtures and fittings £	Total £
COST				
At 1 July 2013	2,150,654	11,704,000	3,512,000	17,366,654
Additions	–	365,412	300,729	666,141
Disposals	–	(12,216)	–	(12,216)
At 30 June 2014	<u>2,150,654</u>	<u>12,057,196</u>	<u>3,812,729</u>	<u>18,020,579</u>
DEPRECIATION				
At 1 July 2013	101,000	2,785,000	2,330,001	5,216,001
Charge for the year	116,026	853,780	422,072	1,391,878
At 30 June 2014	<u>217,026</u>	<u>3,638,780</u>	<u>2,752,073</u>	<u>6,607,879</u>
NET BOOK VALUE				
At 30 June 2014	<u>1,933,628</u>	<u>8,418,416</u>	<u>1,060,656</u>	<u>11,412,700</u>
At 30 June 2013	<u>2,049,654</u>	<u>8,919,000</u>	<u>1,181,999</u>	<u>12,150,653</u>

On 21 November 2011 the company acquired an option to acquire land adjacent to Lowfields Road from Leeds City Council that would be required to complete the East Stand Development for which planning consent is in place. A payment of £250,000 was made to Leeds City Council for the option that will expire on 31 October 2016.

In view of the company's net liabilities the directors have reviewed the net book value of both the tangible and intangible fixed assets and are satisfied that they are not impaired other than as described in note 8.

Finance lease agreements

Included within the net book value of £11,412,700 is £381,000 (2013 - £432,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £92,000 (2013 - £122,000).

10. STOCKS

	2014 £	2013 £
Goods held for resale	<u>637,982</u>	<u>1,442,052</u>

11. DEBTORS

	2014 £	2013 £
Trade debtors	2,687,019	1,900,817
Amounts owed by group undertakings	4,228,250	2,330,901
Transfer fee debtors	202,950	201,000
Other debtors	298,801	702,340
Prepayments and accrued income	1,419,700	2,557,004
Deferred taxation (note 12)	–	2,585,530
	<u>8,836,720</u>	<u>10,277,592</u>

LEEDS UNITED FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2014**

11. DEBTORS (continued)

The debtors above include the following amounts falling due after more than one year:

	2014	2013
	£	£
Deferred taxation	<u>-</u>	<u>2,246,000</u>

All debtors are repayable within one year of the balance sheet date.

12. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2014	2013
	£	£
Included in debtors (note 11)	<u>-</u>	<u>2,585,530</u>

The movement in the deferred taxation account during the year was:

	2014	2013
	£	£
Balance brought forward	2,585,530	2,690,000
Profit and loss account movement arising during the year	<u>(2,585,530)</u>	<u>(104,470)</u>
Balance carried forward	<u>-</u>	<u>2,585,530</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2014	2013
	£	£
Tax losses available	<u>-</u>	<u>2,585,530</u>
	<u>-</u>	<u>2,585,530</u>

LEEDS UNITED FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2014****13. CREDITORS: Amounts falling due within one year**

	2014	2013
	£	£
Transfer fee creditors	1,197,658	1,030,416
Amounts owed to related parties	222,984	1,950,590
Trade creditors	4,319,891	3,757,923
Amounts owed to group undertakings	688,600	11,628,495
Taxation and social security	1,860,946	1,234,297
Finance lease agreements	156,239	158,854
Other creditors	356,445	217,892
Accruals and deferred income	9,931,894	8,616,196
	<u>18,734,657</u>	<u>28,594,663</u>

Included in accruals and deferred income is £7,059,000 (2013: £7,225,000) representing prepayment of tickets and sponsorship that would only become a liability of the company should it fail to fulfill all of its fixtures for future seasons.

On 14 June 2012 the company entered into an agreement with Compass Contract Services (UK) Limited allowing them the exclusive rights to provide catering services at the stadium. A fee of £2,000,000 was paid and a profit sharing arrangement was effective from 1 October 2012 for a period of five years. This is included in accruals and deferred income. At 30 June 2014 there was a balance of £900,000 (2013: £1,300,000) in creditors: amounts falling due after more than one year. A debenture for the £2,000,000 was granted in favour of Compass Contract Services (UK) Limited on 14 June 2012.

Obligations under finance leases are secured on the related assets.

14. CREDITORS: Amounts falling due after more than one year

	2014	2013
	£	£
Amounts owed to group undertakings	10,967,560	–
Finance lease agreements	133,000	228,980
Other creditors	–	1,572,000
Transfer fee creditors	129,000	296,200
Pension (note 17)	317,000	387,666
Amounts owed to related parties	22,188,950	–
Accruals and deferred income	1,900,000	1,500,000
	<u>35,635,510</u>	<u>3,984,846</u>

Obligations under finance leases are secured on the related assets.

LEEDS UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

15. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	2014 £	2013 £
Amounts repayable:		
In more than one year but not more than two years	2,000,000	—
In more than two years but not more than five years	8,500,000	—
In more than five years	—	1,572,000
	<u>10,500,000</u>	<u>1,572,000</u>

Of the £20,914,369 due to GFH Capital Limited, £10,500,000 is a loan that attracts interest at 5% per annum and is repayable in annual instalments up to December 2017. The remaining £10,414,369 of this balance attracts interest at 2% per annum and is repayable in the event of the club becoming a member of the FA Premier League.

On 22 October 2012 the company entered into an agreement with Enterprise Insurance Company Plc in respect of a 7% fixed rate secured loan note of £1,500,000 with a repayment date in 2015. This was fully repaid in February 2014.

16. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2014 £	2013 £
Amounts payable within 1 year	156,239	158,854
Amounts payable between 1 and 2 years	75,051	148,980
Amounts payable between 2 to 5 years	57,949	80,000
	<u>289,239</u>	<u>387,834</u>
Finance lease agreements are analysed as follows:		
Current obligations	156,239	158,854
Non-current obligations	133,000	228,980
	<u>289,239</u>	<u>387,834</u>

17. PENSIONS

Defined contribution schemes

Certain professional footballing staff are members of the Football League Players Retirement Income Scheme, a non-contributory defined contribution scheme. In addition the company operates a defined contribution scheme open to all other employees. Costs of all defined contribution schemes, totalling £48,000 (2013: £94,000), have been charged to the profit and loss account in the year.

Defined benefit scheme

Certain other professional footballing staff are members of the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. Under FRS 17: Retirement Benefits, the FLLPLAS would be treated as a defined benefit multi-employer scheme. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Sufficient information is not available for full FRS 17 disclosure.

Following a review of the Minimum Funding Requirement ("MFR") of the FLLPLAS, accrual of benefits of the final salary section of the scheme was suspended as at 31 August 1999. In light of the exceptional circumstances affecting the scheme, the trustees of the scheme commissioned an independent actuary's report on the MFR position and a substantial deficit was identified. Under the Pensions Act 1985, participating employers will be required to contribute to the deficiency. The latest actuarial valuation of the scheme was carried out as at 31 August 2011 and resulted in a charge to the profit and loss account of £401,000. The allocation of the deficit under this valuation is repayable at £6,465 per month effective from 1 September 2012.

LEEDS UNITED FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 2014**

18. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	56,000	14,000	18,000
Within 2 to 5 years	35,000	4,000	-	7,000
After more than 5 years	1,943,000	4,000	1,895,000	-
	<u>1,978,000</u>	<u>64,000</u>	<u>1,909,000</u>	<u>25,000</u>

19. CONTINGENCIES

In the event of the club becoming a member of the FA Premier League before the 2017/18 Season then a liability of £4,750,000 (2013: £4,750,000) will become payable to the liquidator of Leeds United Association Football Club Limited under the provision of the sale agreement entered into on 4 May 2007.

Under the terms of the financial provisions relating to transfer of player registrations, future payments of up to £1,062,000 (2013: £2,259,000) may be payable dependent on the club's promotion to the FA Premier League and/or players appearances for the club. Promotion to the FA Premier League may also incur bonuses payable of £6,170,000 (2013: £5,027,000) conditional on the performance of both players and football management throughout the 2013/14 season.

LEEDS UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

20. RELATED PARTY TRANSACTIONS

On 22 March 2013 the company assigned the first £1,000,000 received from West Yorkshire Police case as security for a loan from Lutonville Holdings Limited. The balance due to Lutonville Holdings Limited was £nil (2013: £147,547). Lutonville Holdings Limited was a related party by virtue of its connection to Mr K W Bates who was previously a Director and ultimate controlling party of the club.

Yorkshire Radio Limited, a fellow subsidiary of Leeds City Holdings Limited until 27 June 2014, was advanced £154,070 (2013: £366,853) by Leeds United Football Club Limited. The year end trading balance arising from this transaction was £154,070 (2013: £1,498,486). However, on 30 July 2013 Yorkshire Radio Limited ceased broadcasting and, in light of the significant net liabilities of Yorkshire Radio Limited, the directors of Leeds United Football Club Limited have taken the decision to fully impair the year end balance leaving an amount of £nil (2013: £nil) in debtors.

Leeds United Media Limited, a fellow subsidiary of Leeds City Holdings Limited until 27 June 2014, advanced £219,568 (2013: £91,786) to Leeds United Football Club Limited. The year end balance due to Leeds United Media Limited was £688,600 (2013: £469,032) and is shown in creditors: amounts falling due within one year.

Leeds United Centenary Pavilion Limited, a fellow subsidiary of Leeds City Holdings Limited until 27 June 2014, charged £250,000 (2013: £250,000) and advanced £nil (2013: £40,513) to Leeds United Football Club Limited. The year end balance due from Leeds United Centenary Pavilion Limited was £2,085,650 (2013: £2,330,900) and is shown in debtors.

Leeds City Holdings Limited, the immediate parent company until 27 June 2014, was charged £13,309,600 (2013: £9,164,000 advanced by Leeds City Holdings) by Leeds United Football Club Limited. The year end balance due from Leeds City Holdings Limited was £2,142,600 (2013: £11,167,000 creditor) and is shown in debtors.

On 20 June 2013 a fixed and floating charge was registered in favour of Brendale Holdings Limited, secured on the assets and securities of Leeds United Football Club Limited and also on the shares and related rights of Leeds City Holdings Limited. Brendale Holdings Limited is a company owned by GFH Capital Limited of Level 4, Precinct Building 3, Gate District, Dubai International Financial Centre, PO Box 506544, Dubai, United Arab Emirates. GFH Capital Limited is a wholly owned subsidiary of Gulf Finance House Limited. At 30 June 2014 the amount owed to Brendale Holdings Limited was £nil (2013: £11,272,399).

On 15 October 2013 a fixed and floating charge was registered in favour of Berrydale Seventh Sport Holdings Limited secured on the assets and securities of Leeds United Football Club Limited and also over the shares and related rights held by Leeds City Holdings Limited. Berrydale Seventh Sport Holdings Limited is a company owned by GFH Capital Limited, a company registered in Dubai. GFH Capital Limited is a wholly owned subsidiary of Gulf Finance House Limited. At 30 June 2014 the amount owed to Berrydale Seventh Sport Holdings Limited was £nil (2013: £2,012,807).

On 6 February 2014 the balances due to Brendale Holdings Limited and Berrydale Seventh Sport Holdings Limited were assigned to GFH Capital Limited. During the year interest was charged on these loans totalling £1,506,201. Also the balance due to Envest Limited of £1,708,231 was assigned to GFH Capital Limited. At 30 June 2014 a creditor of £nil was due to Envest Limited (2013: £1,803,043), included in amounts due to related parties. During the year interest of £25,245 was charged on this loan. Envest Limited is a related party due to its connection to Mr S Nooruddin. At 30 June 2014 Leeds United Football Club Limited owed £20,914,369 (2013: £nil) to GFH Capital Limited. At the year end interest of £319,623 (2013: £nil) had accrued on this balance.

During the year the company received £8,428,192 from Eleonora Sport Limited. At 30 June 2014 the balance due to Eleonora Sport Limited was £8,428,192 (2013: £nil), this is shown in amounts owed to group undertakings. Eleonora Sport Limited is related by virtue of its shareholding in LUFC Holdings Limited.

During the year the company received £2,539,369 from Eleonora Immobiliare of Societa Unipersonale, Viafrancesco Sforza N.14 20122 Milan. At the year end the balance due to Eleonora Immobiliare was £2,539,369 (2013: nil) and is shown in amounts owed to group undertakings. Eleonora Immobiliare is related by virtue of its shareholding in Leeds United Football Club Limited.

The company received funds totalling £1,274,581 from Mr Massimo Cellino, a director, during the year. At 30 June 2014 the balance due to Mr Cellino was £1,274,581 (2013: £nil).

LEEDS UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

20. RELATED PARTY TRANSACTIONS (continued)

On the 21 and 28 November 2013 the company entered into agreements with Sport Capital Limited to borrow the sums of £950,000 and £825,000 respectively. Both amounts were convertible into share capital in LUFC Holding Limited dependant on Sports Capital Limited issuing a notice of conversion. As at 30 June 2014 the amount due to Sport Capital Limited under the terms of these two agreements was £222,984 (2013: nil). A conversion notice had not been issued as at 30 June 2014.

21. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>4,500,000</u>	<u>4,500,000</u>	<u>500,000</u>	<u>500,000</u>

On 27 June 2014 the company issued 4,000,000 £1 Ordinary Shares at £2 per share. The cost attributable to the issue was zero.

22. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total share-holders' funds £
Balance brought forward	500,000	—	10,460,479	10,960,479
Loss for the year	—	—	(9,551,798)	(9,551,798)
Balance brought forward	500,000	—	908,681	1,408,681
Loss for the year	—	—	(22,886,464)	(22,886,464)
Other movements				
New equity share capital subscribed	<u>4,000,000</u>	<u>4,000,000</u>	—	<u>8,000,000</u>
Balance carried forward	<u>4,500,000</u>	<u>4,000,000</u>	<u>(21,977,783)</u>	<u>(13,477,783)</u>

23. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating loss	(17,893,142)	(12,110,777)
Amortisation and impairment	3,720,006	1,937,707
Depreciation	1,391,878	1,444,563
Profit on disposal of fixed assets	(5,549)	(1,500)
Decrease/(increase) in stocks	804,070	(313,052)
(Increase)/decrease in debtors	(2,650,860)	3,411,938
Increase in creditors	7,095,253	10,009,675
Net cash (outflow)/inflow from operating activities	<u>(7,538,344)</u>	<u>4,378,554</u>

LEEDS UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014		2013	
	£	£	£	£
Increase/(decrease) in cash in the period	11,854,158		(1,021,497)	
Net cash outflow from shares classed as financial liabilities	–		3,093,000	
Movement in short-term borrowings	(75,437)		–	
New long-term loans from group undertakings	(10,967,560)		–	
New long-term loans from related parties	(4,100,000)		–	
Other new long term loans	(1,274,581)		–	
Repayment of other long-term loans	1,572,000		–	
Cash outflow in respect of finance leases	98,595		167,166	
Change in net debt resulting from cash flows		(2,892,825)		2,238,669
Other non-cash changes in net debt		(16,814,369)		–
Change in net debt		(19,707,194)		2,238,669
Net debt at 1 July 2013		(1,848,492)		(4,087,161)
Net debt at 30 June 2014		<u>(21,555,686)</u>		<u>(1,848,492)</u>

25. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 2013 £	Cash flows £	Other changes £	At 30 Jun 2014 £
Net cash:				
Cash in hand and at bank	258,889	11,854,158	–	12,113,047
Debt:				
Debt due within 1 year	(147,547)	(75,437)	–	(222,984)
Debt due after 1 year	(1,572,000)	(14,770,141)	(16,814,369)	(33,156,510)
Finance lease agreements	(387,834)	98,595	–	(289,239)
	<u>(2,107,381)</u>	<u>(14,746,983)</u>	<u>(16,814,369)</u>	<u>(33,668,733)</u>
Net debt	<u>(1,848,492)</u>	<u>(2,892,825)</u>	<u>(16,814,369)</u>	<u>(21,555,686)</u>

The other changes to net debt result from the balances due to Brendale Holdings Limited, Berrydale Seventh Sport Holdings Limited and Envest Limited that were assigned to GFH Capital Limited and were transferred from Leeds City Holdings Limited to Leeds United Football Club Limited.

26. POST BALANCE SHEET EVENTS

On 13 November 2014 the company received a claim from Macron SpA, the club's sportswear supplier, relating to a contractual dispute being £2.15 million allegedly owed plus damages of £2.5 to £3.5 million. The company's solicitor believes that it is unlikely that the claim will be successful

LEEDS UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

27. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £Nil (2013 - £107,524).

28. ULTIMATE CONTROLLING PARTY

Between March 2013 and 30 June 2013, Gulf Finance House sold more than 50% of their interest in LUFC Holding Limited, a company registered in the Cayman Islands that owns the entire share capital of Leeds City Holdings Limited, to various parties and so there was no controlling party.

On 31 December 2013 Gulf Finance House BSC repurchased a number of the shares it had previously sold so that it then held an 85% shareholding and once again became the ultimate controlling party.

On 6 February 2014 a company named Eleonora Sport Limited of 27/28 Eastcastle Street, London, W1W 8DH entered into a share purchase agreement with the shareholders of LUFC Holding Limited to acquire 75% of the ordinary share capital of LUFC Holding Limited. The ultimate controlling party at this time was Trust Sporting 2006, a trust registered in Italy, by virtue of its 68.1% interest in LUFC Holding Limited.

On 27 June 2014, Eleonora Immobiliare SpA, the parent company of Eleonora Sport Limited, on behalf of Eleonora Sport Limited, became the immediate parent company by virtue of its 88.9% shareholding. Until this date Leeds City Holdings Limited was the immediate parent, and is the smallest and largest group for which consolidated accounts including Leeds United Football Club Limited are prepared. Following this share issue, without any change of the members of the Board, the ultimate controlling party continued to be Trust Sporting 2006 by virtue of its 88.3% interest in Leeds United Football Club Limited. Following an agreement signed at the end of 2014, the interest of 75% directly or indirectly held by Eleonora Sport Limited and of 25% directly or indirectly held by GFH in the company will be confirmed.