

Financial Statements Blades Leisure Limited

For the year ended 30 June 2014



Registered number: 06963761

Company Information

Registered number	06963761
Registered office	Bramall Lane SHEFFIELD S2 4SU
Directors	S R McCabe S C McCabe J J Tutton K C McCabe J D Phipps S Baki M Brannigan Prince A bin A bin Mosaad Al Saud E Jobair
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court SHEFFIELD South Yorkshire S8 0XF
Bankers	Santander Ground Floor Merrion Court 44 Merrion Street LEEDS LS2 8JQ
Solicitors	Kennedys Law LLP Ventana House 2 Concourse Way Sheaf Street SHEFFIELD S1 2BJ

Contents

	Page
Co-Chairmen's statement	1
Group strategic report	2 - 6
Directors' report	7 - 8
Independent auditor's report	9 - 10
Consolidated profit and loss account	11
Consolidated balance sheet	12
Company balance sheet	13
Consolidated cash flow statement	14
Notes to the financial statements	15 - 30

Co-Chairmen's Statement

For the year ended 30 June 2014

The Co-Chairmen present their statement for the period.

Sheffield United FC had a rollercoaster 2013/14 Season, getting off to one of the worst starts in our 125 years of history. Fuelled by new investment from new co-owner HRH Prince Abdullah bin Mosaad bin Abdulaziz Al Saud and addition of Nigel Clough and his coaching staff, SUFC engineered a remarkable turnaround, coming from the bottom of the League One table to finish in seventh spot, just one position off the Play-Offs. This incredible vein of form included a winning streak of seven straight victories in a record breaking 11 match unbeaten run.

The upturn in League form was matched by an even more remarkable run in the FA Cup with our faithful travelling fans enjoying the upsets against Championship and Premier League opposition. In the third round, we deservedly knocked out Aston Villa FC, then ranked 10th in the Premier League table and in the fourth round, we dispatched Fulham FC away at Craven Cottage, on a cold and wet February night, after drawing with them at home. In the fifth round, the true fighting spirit of the squad was in evidence, as we recovered from a goal down to beat high flying Nottingham Forest FC with two late goals. Then in the sixth round, it was fantastic to see **"The Home of Football"** yet again buzzing with over 30,000 supporters for a Quarter Final victory over Charlton Athletic FC. The singing that day following that match will live on in memory.

In the Semi Final at Wembley, 71,000 plus Yorkshire folk travelled to witness an exciting eight goal thriller against our close neighbours Hull City AFC, and although we narrowly lost the Club received much acclaim due to the excellent standard of football played, where to the neutral it would have been difficult to distinguish the Premier League from the League One team. Let us not forget that on this unforgettable day, we ended a long and painful drought of scoring at Wembley, bagging three goals.

With an experienced Team Manager in place, in whom we place great confidence, we firmly believe that the turn around achieved in the final third of last Season, together with a strengthening of the First Team squad during this summer and beyond, should leave us in a prime position for League success come May 2015 and thus make the 125th Anniversary of our proud Club one to be remembered.

As we write this Statement, the team have made progress in the League and sit within the Play-Off positions in the League Table. We recognise that a great deal of work will be needed from here to secure automatic promotion come May 2015, but we are intent on getting there. Thereafter, we will strive to regain a Premier League position within a sensible period of time.

Our aim remains clear - to bring Premier League football back to Bramall Lane. The facilities Sheffield United has are amongst the best in England and our attendances are far and away the highest in League One - very often exceeding virtually all Championship Clubs. So to our Supporters, Sponsors, Co-Directors, Executives, Management, Staff and Players along with members of our Community Foundation and Supporters we express our gratitude for the unrelenting hard work, effort and devotion to **"The World's Oldest United"**.

Up the Blades!

Name	Kevin McCabe	Jim Phipps
	Co-Chairman	Co-Chairman

Date 12 December 2014

Group Strategic Report

For the year ended 30 June 2014

Business review (including key performance indicators)

For the year ended 30 June 2014, Blades Leisure Limited (BLL) made a retained loss of £4.5m, which compared to £4.7m for the previous eleven months. The previous reporting period is less than one year as a consequence of BLL being newly formed following the investment made by UTB LLC.

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

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

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

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

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

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

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

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

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

First Team Review

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

Group Strategic Report (continued)

For the year ended 30 June 2014

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

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

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

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

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

Player Development

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

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

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

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

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

Group Strategic Report (continued)

For the year ended 30 June 2014

Non-football Operations

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

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

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

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

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

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

Community Foundation

The Community Foundation remains committed to its vision of a more active, healthy, educated, respectful and integrated society in Sheffield and is taking positive steps towards realising that ambition, under the stewardship of Mark Todd and his team.

The Foundation also continues to deliver against its mission to provide appropriate and high quality interventions that supports people's ability to make informed choices about their future and has a positive impact on all those who interact with the Community Foundation, which has engaged with over 8,700 individuals and with an average of 8 contacts per person has recorded in excess of 76,000 contacts, a significant increase on the previous year.

The Foundation's brand awareness continues to grow, assisted by its "Hearts and Minds" campaigns and increased use of social media. The Public and Private sector are increasingly engaged in the Foundation's activities and endorse the quality of delivery.

Group Strategic Report (continued)

For the year ended 30 June 2014

The Foundation's leadership team continues to adopt and apply robust business principles to ensure controlled, manageable and sustainable future growth, which is overseen by a pro-active Board of Trustees and a strengthening relationship with the owners and senior management of the Club.

The key appointments during the year were a full time Premier League 4 Sports' Girls and Women's Coach, a full time Sports Participation Officer, two full time education tutors, a full time Health Coach and an assistant co-ordinator for the National Citizenship Service. The Community Foundation, through its relationship with Sheffield Hallam University continues to operate a formal volunteering programme that has seen a further 40 students support the charities activities. During the period our staff increased from 8 to 12 full time and 4 part time employees with assistance from a large number of volunteers.

Sports Participation

The Foundation has engaged with 13 primary schools through its curriculum based physical literacy programmes. The team has delivered to 13 after schools and lunch time clubs as part of its extra-curricular offer with 481 children attending.

The Foundation delivers Holiday Football Camps across 4 sites in the city.

Premier League for Girls & Women, which launched in September 2013 has already attracted 207 different participants and the Premier League4Sports an additional 400 participants across the 3 chosen sports of basketball, volleyball and badminton.

It is estimated that the number of participants involved in the Foundation's participatory events is over 4,500.

Disability

Although not identified in the original 3 year plan the Foundation is committed to growing its Disability strand. The Downs Syndrome programme, through the Reaching Communities Grant distributed by the Big Lottery has completed year 1 of a 3 year funded programme.

The Foundation continues to support other charities such as AutismPlus and South Yorkshire Housing Association to help their clients, especially those recovering from mental health issues.

The Foundation has also established a relationship with Sporting Memories, a charity focusing on building awareness of and addressing dementia.

Health

The Foundation's health programmes have engaged a staggering 3,050 pupils in the Key stage 1 & 2 age group.

The Foundation has also been successful in securing funding to deliver a health related project during the next 12 months.

Education

Education has once again created sustainable growth over the period with the total number of young people engaging with the Education Team reaching 237.

National Citizen Service

The Foundation is one of the primary deliverers of the NCS programme in Sheffield with 456 participants in the Summer/Autumn 2013 and Spring 2014 cohorts.

Social Inclusion

The Social Inclusion team engages over 600 participants across communities that are recognised as areas of deprivation within Sheffield.

Communications & Marketing

The Community Foundation continues to utilise the Club's matchday programme and big screen to promote its activities and receives support on the SUFC website and social media channels.

In addition, the Foundation's own website and social media continues to attract attention with over 1,600 followers on Twitter. The Foundation have also launched on YouTube to display our corporate video and appropriate Strand activities.

Group Strategic Report (continued)

For the year ended 30 June 2014

The local press continues to feature community initiatives undertaken by the Foundation.

Summary

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

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

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

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

Principal risks and uncertainties

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

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

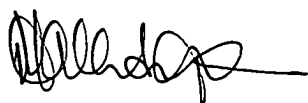
Liquidity risk

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

Interest rate risk

The Group finances its operations through a mixture of shareholders' equity and retained profits.

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



M Brannigan
Director

Directors' Report

For the year ended 30 June 2014

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

Results

The loss for the year, after taxation, amounted to £4,452,118 (2013 - loss £4,720,365).

Directors

The directors who served during the year were:

J Winter (resigned 30 August 2013)
S R McCabe
D Green (resigned 30 August 2013)
S C McCabe (appointed 30 August 2013)
J J Tutton (appointed 30 August 2013)
K C McCabe (appointed 30 August 2013)
Prince A bin Mosaad bin Abdulaziz Al Saud (appointed 31 August 2013 & resigned 29 June 2014)
J D Phipps (appointed 31 August 2013)
S Baki (appointed 31 August 2013)
Prince A bin A bin Mosaad Al Saud (appointed 16 January 2014)

Post year end M Brannigan was appointed as a director on 8 August 2014, and E Jobair was appointed as a director on 21 November 2014.

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Directors' Report

For the year ended 30 June 2014

Disclosure of information to auditor

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

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

Auditor

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

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



M Brannigan
Director

Independent Auditor's Report to the Members of Blades Leisure Limited

We have audited the financial statements of Blades Leisure Limited for the year ended 30 June 2014, which comprise the consolidated Profit and loss account, the consolidated and company Balance sheets, the consolidated Cash flow statement and reconciliation of net cash flow to movement in net funds/debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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



Independent Auditor's Report to the Members of Blades Leisure Limited

Matters on which we are required to report by exception

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

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

Michael Redfern

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

17 December 2014

Consolidated Profit and Loss Account

For the year ended 30 June 2014

	Note	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
Turnover	1,2	11,058,934	8,755,290
Cost of sales		<u>(10,936,301)</u>	<u>(11,251,126)</u>
Gross profit/(loss)		122,633	(2,495,836)
Administrative expenses		(5,537,793)	(5,707,564)
Other operating income	3	<u>266,355</u>	<u>298,893</u>
Operating loss	4	(5,148,805)	(7,904,507)
Exceptional items			
Net profit on sale of fixed assets	8	<u>979,246</u>	<u>4,228,431</u>
Loss on ordinary activities before interest		(4,169,559)	(3,676,076)
Interest payable and similar charges	7	<u>(282,559)</u>	<u>(1,044,289)</u>
Loss on ordinary activities before taxation		(4,452,118)	(4,720,365)
Tax on loss on ordinary activities	9	<u>-</u>	<u>-</u>
Loss for the financial year	19	<u>(4,452,118)</u>	<u>(4,720,365)</u>

All amounts relate to continuing operations.

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

The notes on pages 15 to 30 form part of these financial statements.

Consolidated Balance Sheet

As at 30 June 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Intangible assets	10		487,272		288,507
Tangible assets	11		955,472		1,043,835
			<u>1,442,744</u>		<u>1,332,342</u>
Current assets					
Stocks	13	135,309		55,683	
Debtors	14	6,125,711		5,037,103	
Cash at bank		2,713,207		612,994	
		<u>8,974,227</u>		<u>5,705,780</u>	
Creditors: amounts falling due within one year	15	(3,384,528)		(42,958,462)	
Net current assets/(liabilities)			<u>5,589,699</u>		<u>(37,252,682)</u>
Total assets less current liabilities			<u>7,032,443</u>		<u>(35,920,340)</u>
Creditors: amounts falling due after more than one year	16	(356,571)		(445,779)	
Deferred income	17	(4,936,531)		(4,938,063)	
Net assets/(liabilities)			<u>1,739,341</u>		<u>(41,304,182)</u>
Capital and reserves					
Called up share capital ¹	18	20,000,000			1
Share premium account	19	27,495,642			-
Profit and loss account	19	(45,756,301)			(41,304,183)
Shareholders' funds/(deficit)	20	<u>1,739,341</u>			<u>(41,304,182)</u>

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



M Brannigan
Director

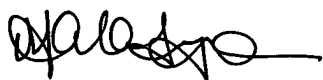
The notes on pages 15 to 30 form part of these financial statements.

Company Balance Sheet

As at 30 June 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Investments	12		-		-
Current assets					
Debtors	14	5,000,000		-	
Creditors: amounts falling due within one year	15		-	(1,817,312)	
Net current assets/(liabilities)			<u>5,000,000</u>		<u>(1,817,312)</u>
Net assets/(liabilities)			<u>5,000,000</u>		<u>(1,817,312)</u>
Capital and Reserves					
Called up share capital	18		20,000,000		1
Share premium account	19		27,495,642		-
Profit and loss account	19		<u>(42,495,642)</u>		<u>(1,817,313)</u>
Shareholders' funds/(deficit)	20		<u>5,000,000</u>		<u>(1,817,312)</u>

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



M Brannigan
Director

The notes on pages 15 to 30 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 June 2014

	Note	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
Net cash flow from operating activities	21	(1,937,374)	3,949,302
Returns on investments and servicing of finance	22	(282,559)	(1,044,289)
Capital expenditure and financial investment	22	2,453,303	3,711,388
Cash inflow before financing		233,370	6,616,401
Financing	22	1,866,843	(6,003,407)
Increase in cash in the year		2,100,213	612,994

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 30 June 2014

	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
Increase in cash in the year	2,100,213	612,994
Cash outflow from decrease in debt and lease financing	3,133,157	6,003,407
Movement in net debt in the year	5,233,370	6,616,401
Net debt at 1 July 2013	(2,520,163)	(9,136,564)
Net funds/(debt) at 30 June 2014	2,713,207	(2,520,163)

The notes on pages 15 to 30 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

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

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

1.2 Going concern

The Group's business activities together with factors likely to affect its future development, performance and position are shown in the Directors' Report and the Strategic Report.

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

The Directors therefore have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern assumption.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Blades Leisure Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The consolidated financial statements have been prepared in accordance with the principles of acquisition accounting, consequently the results of the subsidiaries have been included only from the date of acquisition and the date of disposal.

1.4 Turnover

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

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

Notes to the Financial Statements

For the year ended 30 June 2014

1. Accounting Policies (continued)

1.5 Intangible fixed assets and amortisation

Transfer fees paid to player registrations

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

Trademarks

The costs of acquired trademarks are capitalised as intangible assets.

Amortisation is provided at the following rates:

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

1.6 Tangible fixed assets and depreciation

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

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

1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.8 Leasing and hire purchase

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

1.9 Operating leases

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

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

1.10 Stocks

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

Notes to the Financial Statements

For the year ended 30 June 2014

1. Accounting Policies (continued)

1.11 Deferred taxation

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

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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.12 Grants

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

1.13 Pensions

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

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

1.14 Donations

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

Notes to the Financial Statements

For the year ended 30 June 2014

2. Turnover

A geographical analysis of turnover is as follows:

	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
United Kingdom	10,984,334	8,755,290
Rest of World	74,600	-
	<u>11,058,934</u>	<u>8,755,290</u>

3. Other operating income

	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
Grants receivable	75,763	75,763
Donations received	190,592	223,130
	<u>266,355</u>	<u>298,893</u>

4. Operating loss

The operating loss is stated after charging:

	Year 30 June 2014 £	11 months ended 30 June 2013 £
Amortisation of intangible fixed assets	314,000	471,000
Depreciation of tangible fixed assets:		
- owned by the group	239,755	260,689
- held under finance leases	1,268	2,182
Auditor's remuneration	25,000	25,000
Operating lease rentals:		
- plant and machinery	36,377	-
- other operating leases	129,503	101,123
	<u>755,903</u>	<u>860,094</u>

Notes to the Financial Statements

For the year ended 30 June 2014

5. Staff costs

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

	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
Wages and salaries	8,027,035	7,781,615
Social security costs	806,594	773,995
Other pension costs	48,854	54,703
	<u>8,882,483</u>	<u>8,610,313</u>

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

	Year ended 30 June 2014 No.	11 months ended 30 June 2013 No.
Football	134	130
Non-football	61	49
	<u>195</u>	<u>179</u>

6. Directors' remuneration

No emoluments were paid to directors during the year (2013: £nil).

7. Interest payable

	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
On bank loan	15,612	261,250
On other loans	266,597	782,191
On finance leases and hire purchase contracts	350	848
	<u>282,559</u>	<u>1,044,289</u>

Included in interest payable on other loans is interest payable to related parties of £266,597 (2013 - £79,849) (note 26).

Notes to the Financial Statements

For the year ended 30 June 2014

8. Profit on disposal of player registrations

	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
Profit on disposal of fixed assets	19,869	1,173,715
Profit on disposal of player registrations	959,377	3,054,716
	<u>979,246</u>	<u>4,228,431</u>

9. Taxation

Factors affecting tax charge for the year/period

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

	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
Loss on ordinary activities before tax	<u>(4,452,118)</u>	<u>(4,720,365)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.75% (2013 - 23.75%)	(1,012,857)	(1,121,087)
Effects of:		
Expenses not deductible for tax purposes	(89,622)	82,169
Capital allowances for year/period in excess of depreciation	41,146	26,393
Non-taxable income	(28,921)	-
Unrelieved tax losses carried forward	1,090,254	1,012,525
	<u>-</u>	<u>-</u>
Current tax charge for the year/period (see note above)	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 30 June 2014

10. Intangible fixed assets

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

11. Tangible fixed assets

Group	Freehold property £	Fixtures, plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2013	599,178	4,501,179	66,518	5,166,875
Additions	2,270	167,570	2,520	172,360
Disposals	-	(19,700)	-	(19,700)
At 30 June 2014	601,448	4,649,049	69,038	5,319,535
Depreciation				
At 1 July 2013	47,947	4,008,575	66,518	4,123,040
Charge for the year	11,984	229,039	-	241,023
At 30 June 2014	59,931	4,237,614	66,518	4,364,063
Net book value				
At 30 June 2014	541,517	411,435	2,520	955,472
At 30 June 2013	551,231	492,604	-	1,043,835

Notes to the Financial Statements

For the year ended 30 June 2014

12. Fixed asset investments

Company	Investments in subsidiary companies £
Shares in subsidiary undertakings	
At 1 July 2013 and 30 June 2014	1,817,313
Impairment	
At 1 July 2013 and 30 June 2014	1,817,313
Net book value	
At 30 June 2014	-
At 30 June 2013	-

Details of the principal subsidiaries can be found under note number 29.

The company acquired 100% of the share capital of The Sheffield United Football Club Limited, Sheffield United Conference & Events Limited, Premier Security & Events Limited and Premier Health and Safety Solutions Limited on 1 August 2012.

13. Stocks

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£	£	£	£
Finished goods and goods for resale	135,309	55,683	-	-

Notes to the Financial Statements

For the year ended 30 June 2014

14. Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	776,154	2,145,630	-	-
Other debtors	121,896	2,669,006	-	-
Called up share capital not paid	5,000,000	-	5,000,000	-
Prepayments and accrued income	227,661	222,467	-	-
	6,125,711	5,037,103	5,000,000	-

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

As part of the issue of share capital in the period, £5,000,000 of consideration has not yet been received. Further details of the transaction are included in note 18.

**15. Creditors:
Amounts falling due within one year**

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	-	2,510,177	-	-
Other loans	-	621,712	-	-
Net obligations under finance leases and hire purchase contracts	-	1,268	-	-
Trade creditors	256,732	1,235,177	-	-
Amounts owed to related undertakings	-	35,431,922	-	1,817,312
Other taxation and social security	583,199	264,871	-	-
Other creditors	369,337	291,102	-	-
Accruals	2,175,260	2,602,233	-	-
	3,384,528	42,958,462	-	1,817,312

Other loans comprise of loans with related parties of £nil (see note 26) (2013: £621,712).

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

Notes to the Financial Statements

For the year ended 30 June 2014

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

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£	£	£	£
Other creditors	356,571	445,779	-	-

17. Deferred income

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£	£	£	£
Sponsorship	183,807	421,007	-	-
Advance ticket sales	2,201,304	1,890,506	-	-
Deferred capital grants	2,551,420	2,626,550	-	-
	<u>4,936,531</u>	<u>4,938,063</u>	<u>-</u>	<u>-</u>

18. Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
20,000,000 (2013 - 1) Ordinary Share of £1 each	<u>20,000,000</u>	<u>1</u>

On 30 August 2014, 19,999,999 ordinary shares of £1 each were issued for total consideration of £47,495,641.

10,000,000 of the shares issues were issued at their nominal value, with £5,000,000 received in cash and an additional £5,000,000 not yet paid. This amount is included as a debtor as per note 14. £3,000,000 of the amount unpaid at the year end was received in July 2014.

The remaining 9,999,999 shares issued were for consideration of £37,495,641, which was settled through the capitalisation of intercompany creditors.

Notes to the Financial Statements

For the year ended 30 June 2014

19. Reserves

	Share premium account £	Profit and loss account £
Group		
At 1 July 2013	-	(41,304,183)
Loss for the year	-	(4,452,118)
Premium on shares issued during the year	27,495,642	-
	<u>27,495,642</u>	<u>(45,756,301)</u>
At 30 June 2014		
	<u>27,495,642</u>	<u>(45,756,301)</u>
	Share premium account £	Profit and loss account £
Company		
At 1 July 2013	-	(1,817,313)
Loss for the year	-	(40,678,329)
Premium on shares issued during the year	27,495,642	-
	<u>27,495,642</u>	<u>(42,495,642)</u>
At 30 June 2014		
	<u>27,495,642</u>	<u>(42,495,642)</u>

Notes to the Financial Statements

For the year ended 30 June 2014

20. Reconciliation of movement in shareholders' funds

	2014	2013
Group	£	£
Opening shareholders' deficit	(41,304,182)	(36,583,817)
Loss for the financial year/period	(4,452,118)	(4,720,365)
Shares issued during the year/period	19,999,999	-
Share premium on shares issued (net of expenses)	27,495,642	-
	<u>1,739,341</u>	<u>(41,304,182)</u>
Closing shareholders' funds/(deficit)		
	<u>1,739,341</u>	<u>(41,304,182)</u>

	2014	2013
Company	£	£
Opening shareholders' (deficit)/funds	(1,817,312)	1
Loss for the financial year/period	(40,678,329)	(1,817,313)
Shares issued during the year/period	19,999,999	-
Share premium on shares issued (net of expenses)	27,495,642	-
	<u>5,000,000</u>	<u>(1,817,312)</u>
Closing shareholders' funds/(deficit)		
	<u>5,000,000</u>	<u>(1,817,312)</u>

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

The loss for the year/period dealt with in the accounts of the Company was £40,678,329 (2013 - £ loss of 1,817,313).

21. Net cash flow from operating activities

	Year ended 30 June 2014	11 months ended 30 June 2013
	£	£
Operating loss	(5,148,805)	(7,904,507)
Amortisation of intangible fixed assets	314,000	314,000
Depreciation of tangible fixed assets	241,023	241,023
Government grants	(75,763)	(75,763)
Increase in stocks	(79,626)	(55,683)
Decrease/(increase) in debtors	3,911,392	(5,037,103)
(Decrease)/increase in creditors	(1,099,595)	16,467,335
	<u>(1,937,374)</u>	<u>3,949,302</u>
Net cash (outflow)/inflow from operating activities		
	<u>(1,937,374)</u>	<u>3,949,302</u>

Notes to the Financial Statements

For the year ended 30 June 2014

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

	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
Returns on investments and servicing of finance		
Interest paid	(282,209)	(1,043,441)
Hire purchase interest	(350)	(848)
Net cash outflow from returns on investments and servicing of finance	(282,559)	(1,044,289)
	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(717,765)	(748,000)
Sale of intangible fixed assets	3,228,096	4,436,000
Purchase of tangible fixed assets	(172,360)	(52,375)
Sale of tangible fixed assets	39,569	-
Government grants released	75,763	75,763
Net cash inflow from capital expenditure	2,453,303	3,711,388
	Year ended 30 June 2014 £	11 months ended 30 June 2013 £
Financing		
Issue of ordinary shares	5,000,000	-
Repayment of loans	(2,510,177)	(6,000,000)
Repayment of other loans	(621,712)	(3,407)
Repayment of finance leases	(1,268)	-
Net cash inflow/(outflow) from financing	1,866,843	(6,003,407)

Notes to the Financial Statements

For the year ended 30 June 2014

23. Analysis of changes in net debt

	1 July 2013	Cash flow	Other non-cash changes	30 June 2014
	£	£	£	£
Cash at bank and in hand	612,994	2,100,213	-	2,713,207
Debt:				
Debts due within one year	(3,133,157)	3,133,157	-	-
Net debt	(2,520,163)	5,233,370	-	2,713,207

24. Pension commitments

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

The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no disclosures are made under the provisions of FRS 17. At 31 August 2011 an updated actuarial valuation was performed and caused the trustees to amend the outstanding deficit they agreed to be allocated to Sheffield United Football Club Limited to £651,927. The actuary has taken into account that, with people generally living longer, pensions will be payable over a longer term, and as a result, there is an increase in the annual payment from September 2012 to August 2019. The contribution level for the Group is therefore £89,000 per annum from September 2012 to August 2019. As the scheme is no longer accruing benefits in respect of employees, the directors have made a provision for the fair value of future contributions to be paid. The provision of £416,000 is included within other creditors.

25. Operating lease commitments

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

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

Notes to the Financial Statements

For the year ended 30 June 2014

26. Related party transactions

Company

As a parent company transactions with its wholly owned subsidiaries result in the company being exempt from the requirements of FRS 8 to disclose transactions with other members of the Group headed by Blades Leisure Limited, on the grounds that accounts are publicly available.

Group

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

	Outstanding (including accrued interest) at 30 June 2014 £	Interest charged to profit and loss 2014 £	Outstanding (including accrued interest) at 30 June 2013 £	Interest charged to the profit and loss 2013 £
Mr K. McCabe	-	14,000	621,712	7,430
Sheffield United Ltd	-	252,891	35,431,922	-

On 30 August 2013 amounts owed to Sheffield United Limited of £37,495,641 was converted into 9,999,999 ordinary shares of £1 at a premium of £27,495,642.

27. Signing on and transfer fees payable

Commitments in respect of deferred signing-on fees due to players under contract at the year end and not provided in the financial statements amounted to £113,000 (2013 - £120,000). Such fees are charged to the Profit and Loss account in the period in which there is an obligation.

Under the terms of certain contracts with other football clubs in respect of player transfers, certain additional amounts would be payable by the company if conditions as to future team selection or performance are met. The maximum that could be repayable is £1,842,000 (2013 - £437,000). This amount is not provided in the financial statements as it is not expected to be payable.

28. Post balance sheet events

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

Notes to the Financial Statements

For the year ended 30 June 2014

29. Principal subsidiaries

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

Company name	Percentage Shareholding	Description
Sheffield United Football Club Limited	100	Professional football club
Sheffield United Conference and Events Limited	100	Conference and banqueting
Premier Security and Events Limited	100	Stewarding
Premier Health and Safety Solutions Limited	100	Health and safety consultancy

30. Ultimate parent undertaking and controlling party

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