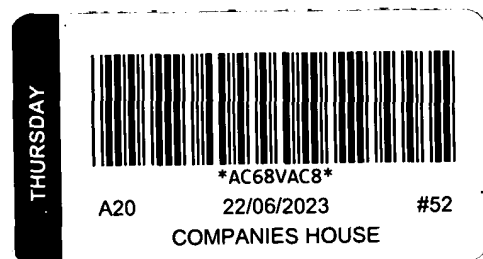

BLADES LEISURE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022



BLADES LEISURE LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | Joseph Edward Jr Giansiracusa HRH Princess Reem Bint Abdullah Al Saud Abdullah Yousef Mohammed Alghamdi |
| Company secretary | Deborah Andrew |
| Registered number | 06963761 |
| Registered office | Bramall Lane Cherry Street SHEFFIELD Yorkshire S2 4SU |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Level 8 110 Queen Street GLASGOW G1 3BX |
| Bankers | Santander UK Plc 58 / 60 Briggate LEEDS LS1 6AS |

BLADES LEISURE LIMITED

CONTENTS

| | Page |
|---|----------------|
| Group Strategic Report | 1 - 6 |
| Directors' Report | 7 - 8 |
| Independent Auditor's Report | 9 - 13 |
| Consolidated Statement of Comprehensive Income | 14 |
| Consolidated Statement of Financial Position | 15 - 16 |
| Company Statement of Financial Position | 17 |
| Consolidated Statement of Changes in Equity | 18 |
| Company Statement of Changes in Equity | 19 |
| Consolidated Statement of Cash Flows | 20 - 21 |
| Notes to the Financial Statements | 22 - 47 |

BLADES LEISURE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Directors present their report on the activities of Blades Leisure Limited for the financial year ending 30 June 2022 along with the financial statements and the Auditor's report.

Principal activities

The principal activity of Blades Leisure Limited is the operation of a professional football club.

Business review

In the period under review Sheffield United competed in the English Football League Championship.

The season commenced with Slaviša Jokanovic leading the First Team as Manager. As on-field performances did not match the Club's ambitions for an immediate return to the Premier League, Jokanovic left the Club by mutual consent in November 2021 with the Club 16th in the table. Paul Heckingbottom was immediately appointed as his replacement, returning to the position of First Team Manager on a permanent basis, leading to a resurgence in performance, and resulting in a finishing position of 5th. The Club was subsequently eliminated in the play-off semi-finals to eventual promotion winners Nottingham Forest.

Following the departure of several players at the end of the 2020-2021 season, including the sale of England international goalkeeper Aaron Ramsdale to Arsenal for a substantial transfer fee, the Club recognised a need to strengthen the squad. This was achieved through the permanent first team additions of Welsh international Adam Davies, Algerian international Adlène Guedioura and the addition of loan players from top tier clubs including Ben Davies (Liverpool), Conor Hourihane (Aston Villa), Morgan Gibbs-White (Wolverhampton Wanderers), Robin Olsen (AS Roma), Charlie Goode (Brentford) and Filip Uremovic (Rubin Kazan).

Throughout the season several players moved on loan to other clubs, including Max Lowe (Nottingham Forest), Daniel Jebbison (Burton Albion), Michael Verrips (Fortuna Sittard), Oliver Burke (Millwall), Lys Mousset (US Salernitana) and Luke Freeman (Millwall), contributing to player development and controlling wage costs.

The season unfortunately concluded without the immediate return to the Premier League that the Club had desired however, the resurgence in on-field performances during the season and the establishment of several youth players into the first team squad, including Iliman Ndiaye, Rhys Norrington-Davies, Kyron Gordon, Daniel Jebbison and William Osula meant the Club had successfully established a new strategic direction for the future and placed the Club in a strong position to fight for promotion in the 2022-2023 season.

The Club's returning season to the English Football League Championship resulted in losses of £15.2m (2021: £9.6m profit) in their first season back in the English Football League.

Revenue of £67m (2021: £115m) declined by £48m, primarily due to reduced broadcast revenues of £50.7m (2021: £101m) as the Club takes receipt of its first year of parachute payments in replacement of Premier League broadcast income and merit payments. Outside of the broadcast payment, the Club achieved record breaking EFL revenues of £16m (2021: £14m) demonstrating the strength of the Club's commercial offering and the continued support of a fantastic fan base.

Employment costs in the period totalled £42m (2021: £56m) reflecting the reduced player wage cost in the EFL Championship following the activation of contractual clauses in player contracts which crystallised on relegation.

Administrative expense of £15m (2021: £18m) reduced significantly in the period, primarily driven by a reduction in agent fees payable.

An increase in interest payable of £3m (2021: £2m) was driven by the refinancing of the Club following relegation and the acceleration of certain player receivables in the period.

Investments of £0.6m (2021: £46m) were made in intangible assets in the period and £1m (2021: £1.1m) in tangible fixed assets, enhancing training and office facilities.

BLADES LEISURE LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Profit on disposal of player registrations in the year totalled £11m (2021: £1m), the most significant of which was the sale of Aaron Ramsdale to Arsenal in August 2021.

Key performance indicators

Non-financial performance indicators operated by the Club

First team finishing position

Points per game

Average league attendance

Financial performance indicators operated by the Club

Employee costs/revenue

Commercial revenue growth

Profit on disposal of player registrations

Missions and value

Throughout the year the Club has focused on sustainability, including this in a roll out of our vision 'Success with Sustainability' and our mission statement 'Our United goal is to be a sustainable club striving to be successful on and off the pitch, going all out to be better in everything we do. We expect excellence from grassroots to the boardroom and beyond, determined to turn our potential into excellence we endeavour to develop our talent throughout the organisation. The importance of our history is paramount, we honour our past by focusing on the future, everything we have we earn through determination and desire. We are open to different and driven to go our own way, we celebrate the differences within our community and through football, we are United.'

Equity, diversity and inclusion

Sheffield United recognise that people are our greatest asset. We actively review our policies to identify where we can make improvements in each area of the Club. We want an environment where every member of staff feels valued and recognised for their contributions. We believe that staff development and internal progression is vitally important and to support this, learning and development now forms a key part in the annual appraisal process, and we have many examples where we continue to support our people with professional development. We also take pride in ensuring our Club is a safe and welcoming environment for all our staff and visitors. We have a team of dedicated full-time professionals who all bring their expertise and enthusiasm to the Club in areas such as Equality Diversity and Inclusion, Safeguarding, and Health and Safety along with many more. The Club continues to be recognised for its great work in some of these areas having recently won the Fans for Diversity award at the Football Supporters Association Awards and achieving the EFL Family of excellence gold award. Disabled Employees are given full and fair consideration for all types of vacancy. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain them in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, with the exception that such opportunities are constrained by the practical limitations of their disability.

Employee engagement & involvement

We continue to champion our employees and look at ways in which we can improve their support at the club. The Club has 14 mental health first aiders who work across all areas of the Club who are available to chat to our staff whenever they are needed. We have also focused on professional development across the Club and, as well as continuing our Leadership development programme, we consistently encourage learning and development for all employees across the business. We also have a Westfield programme which employees are enrolled to and have been improving additional benefits offered to staff recognising that cultures and needs have changed since the challenges faced during the Covid-19 pandemic. Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Company and are of interest to them as employees.

BLADES LEISURE LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

Charitable activities

Our nominated charities for the season were The Sheffield Children's Hospital, Weston Park Cancer Charity, Bluebell Wood Children's Hospice, St Luke's Hospice and Support Dogs. The nominated charity for the Academy is Paces Sheffield, a specialist centre for children with Cerebral Palsy. We additionally contribute to the Premier League Charitable Fund toward youth and community initiative costs.

Future developments

The Club's long-term goal is to be a sustainable Club, successful both on and off the pitch. This will be achieved by embracing a business model that focuses on investment in our playing squad, development of our elite academy players, cultivating our global brand, by driving and diversifying revenue streams and by identifying and nurturing talent across all areas of the business. The restructure of on-field operations to encourage the development of young players in to the first team is demonstrating success, generating greater value in our registrations, and has created a development pathway for our academy operations.

Sheffield United Football Club Ltd - Streamlined Energy and Carbon Report - 2021-22

Sheffield United Football Club Ltd are a 'large unquoted company' under the Streamlined Energy and Carbon Reporting regulations so must report annually on greenhouse gas emissions from Scope 1 and 2 Electricity, Gas and Transport.

Methodology

The reporting period is the most recent financial year 01/07/2021 to 30/06/2022. This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities which the organisation has financial control over are included as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement.

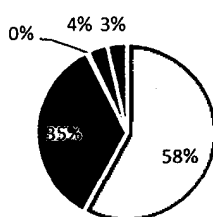
The carbon figures have been calculated using the BEIS 2022 carbon conversion factors for all fuels, other than the market based electricity which has been taken from EDF as the UK supplier.

| Scope | Description | Emissions Source | | tCO ₂ e | | |
|---------|---|---|----------------|--------------------|---------|---------|
| | | | | 2019/20 | 2020/21 | 2021/22 |
| Scope 1 | Combustion of fuel on site and transportation | On site: Natural Gas, Transport: Petrol, Diesel | Location Based | 429 | 513 | 406 |
| | | | Market Based | 429 | 513 | 406 |
| Scope 2 | Purchased energy | Electricity | Location based | 888 | 722 | 609 |
| | | | Market based | 0 | 0 | 0 |
| Scope 3 | Indirect Emissions | Employee Business Mileage | Location based | 46.3 | 33.7 | 36.7 |
| | | | Market based | 46 | 34 | 37 |
| Total | | | Location based | 1363 | 1269 | 1051 |
| | | | Market based | 475 | 547 | 443 |

BLADES LEISURE LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

| | | | | | | |
|------------------------|---------------------------------|---|----------------|-----------|-----------|-----------|
| Intensity Ratio | tCO ₂ e/£1m Turnover | | Location based | 11.4 | 9.1 | 15.7 |
| | | | Market based | 4.0 | 3.9 | 6.6 |
| Energy Usage | Total kWh consumed | Electricity, Natural Gas, Gas Oil, Petrol, Diesel, Unknown vehicle fuel | | 6,300,609 | 6,296,010 | 5,466,986 |

Emissions detail by fuel type Location based method


- Electricity
- Natural Gas
- Petrol
- Diesel
- Unknown Vehicle Fuel

Year on year emissions changes

SUFC's location based emissions reduced from 1,269tCO₂e in 2020/21 to 1,051tCO₂e in 2021/22. This is an emissions reduction of 17%. Against the 2019/20 base year, location based emissions have reduced by 23%.

Scope 1 emissions reduced from 513tCO₂e in 2020/21 to 406tCO₂e in 2021/22, an emissions reduction of 21%.

Natural gas consumption decreased from 2,647,287kWh in 2020/21 to 2,000,093kWh in 2021/22, a 24% reduction in consumption. Natural gas emissions decreased from 487tCO₂e to 365tCO₂e as a result.

The emissions associated with scope 1 transport (petrol and diesel) increased from 27tCO₂e in 2020/21 to 41tCO₂e in 2021/22, an emissions increase of 53%.

Scope 2 electricity consumption decreased from 3,398,321kWh in 2020/21 to 3,146,835kWh in 2021/22, a 7% reduction in consumption. Scope 2 location based emissions decreased from 722tCO₂e to 609tCO₂e.

Energy efficiency actions taken

The Company is mindful of carbon emissions in all facility development and repair work undertaken as well as in planning its operational activities. Where possible, more efficient products are procured when replacing or designing improvements or repairs to the facility to reduce carbon emissions as well as ongoing energy consumption costs. Improvements in the period include the boiler in the first team building being upgraded to a more modern and efficient model, an upgrade on the efficiency of the printing services to reduce printing wastage and to encourage our efforts toward a paperless work environment to reduce our carbon footprint, continued replacement of LED lights in the concourses and offices and continued partnership with DJB Recycling, collecting food waste which is converted to electricity. The Club purchases 100% renewable energy for all sites. Reducing carbon emissions and improving energy efficiency will remain a key factor in facility and operational planning in line with our organisational mission of success with sustainability.

BLADES LEISURE LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position, have been considered by the Directors throughout the year and will continue to be reviewed in line with the Group's strategic plan.

The Directors have reviewed the forecasts for the period ending June 2024, which demonstrate the Company can operate within its planned facilities for the period following the promotion to the Premier League including, if required, support from its controlling parties. Forecasts have been prepared for the next three seasons considering different league scenarios and sensitivities for the club and its ability to continue to be able to support itself.

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

Principal risks and uncertainties

The Company uses financial instruments, comprising cash and other liquid resources and various other items such as trade debtors, creditors and finance lease arrangements that arise directly from its operations. The main purpose of these instruments is to raise finance for the Company's operations. The directors review and agree policies for managing each of these risks, as summarised below. The policies have remained unchanged since the previous period.

Liquidity risk

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

Interest rate risk

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

Sporting performance risk

The Company mitigates risk of poor sporting performance by investment and support of football management strategies through recruitment, retention and development of players and support staff. The Company seeks to protect the impact of unsuccessful sporting performance through the implementation of contractual clauses that protect our financial position.

Regulatory compliance risk

The Company must adhere to the rules and regulations of all competitions and in leagues in which it participates. A significant proportion of the Company's revenue is generated from such leagues and competitions and continued membership is essential to our ongoing sustainability. The Company monitors its compliance with such rules and regulations along with the impact any change in these may have.

BLADES LEISURE LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Section 172 statement

Section 172 (1) of the Companies Act sets out the matters that a director of a company must have regard to in fulfilling his or her duty to promote the success of the Company for the benefits of its members, in doing so, give regard to

- i. Likely consequences of any decisions in the long term
- ii. The interests of the Company's employees
- iii. The need to foster the Company's business relationships with suppliers, customers and others
- iv. The impact of the Company's operation on the community and the environment
- v. The desirability of the Company maintaining a reputation for high standards of business conduct

The Board of Directors consider that they have acted in good faith in these matters in a way in which promotes the success of the club for the benefit of its members as a whole. The Board of Directors and senior leadership team of the Club meet regularly on both a formal and informal basis to review and improve operations. All material decisions that have a potential long-term impact on the business are discussed at a meeting of the Board of Directors before approval is given to proceed. The impact of these decisions is considered in the context of the Company's employees, suppliers, customers, the community, and the environment. The core values of the Club are integrity, hardworking, ambitious, and inclusive. Fostering these values throughout the business, acting in an open, honest, ethical, and fair way, ensures that high standards of business conduct and the Club's reputation are maintained and protects the heritage of Sheffield United Football Club for generations to come.

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

Abdullah Alghamdi

Abdullah Yousef Mohammed Alghamdi
Director

Date: 31/5/2023

BLADES LEISURE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Directors present their report and the financial statements for the year ended 30 June 2022.

In consideration of the Covid-19 epidemic, the Directors took the decision to extend the year of the 2019-2020 season to the 31st July 2020, reporting on a period of 13 months. As fixtures for the 2020-2021 season were completed as expected, the directors opted to realign the financial year with historical results reporting an 11 month period up to the 30th June 2021. Season 2021-2022 is reporting a 12 month period in line with historical results

Results and dividends

The loss for the year, after taxation, amounted to £15,247,773 (2021: profit £9,728,704).

Directors

The Directors who served during the year were:

Joseph Edward Jr Giansiracusa
HRH Princess Reem Bint Abdullah Al Saud
Abdullah Yousef Mohammed Alghamdi

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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 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 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.

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

BLADES LEISURE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

Subsequent to the year end, Sheffield United has secured automatic promotion back to the Premier League with a record breaking 91 points achieved for the club in the Championship. The team also has reached the FA Cup Semi Final against Manchester City at Wembley Stadium for the first time since the 2013/2014 season against Hull City.

In July 2022, the club purchased Anel Ahmedhodzic from Malmo Fotbollforening.

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 and signed on its behalf.

Abdullah Alghamdi

Abdullah Yousef Mohammed Alghamdi
Director

Date: 31/5/2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLADES LEISURE LIMITED

Opinion

We have audited the financial statements of Blades Leisure Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2022 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.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLADES LEISURE LIMITED (CONTINUED)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLADES LEISURE LIMITED (CONTINUED)

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Responsibilities of Directors

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLADES LEISURE LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated our enquiries through direct confirmation with those charged with governance.
- We identified significant laws and regulations, as detailed below, relevant to the Group through inquiries of management and corroborated this through review of board minutes and legal expenses.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined which may influence the financial statements. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 and the Companies Act 2006), the relevant tax compliance regulations in the jurisdictions in which the Group operates, the specific regulations for the industry including the Premier League Rules and Regulations and English Football League Regulations. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those are laws and regulations relating to health and safety, employee matters, data protection, import duty and bribery and corruption practices.
- We assessed the susceptibility of the Group's financial statements to material misstatements, including how fraud might occur. We performed procedures over journal entries (in particular manual journal entries determined to be large or relating to unusual transactions), related party transactions and evaluated processes and controls in place to address the risks related to irregularities and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of the Group's operations, the applicable statutory provisions, and the Group's control environment, including the adequacy of procedures for authorisation of transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLADES LEISURE LIMITED (CONTINUED)

- The engagement team's experience with similar engagements, their understanding of the Group's industry and regulatory requirements (FRS 102, the Companies Act 2006, the relevant tax compliance regulations, Premier League Rules and Regulations and English Football League Regulations) relating to the Group were considered in assessing the competence and capabilities of the engagement team.

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

Use of our report

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.



James Chadwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
Date: 31/5/2023

BLADES LEISURE LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

| | | Group Year ended 30 June 2022 £ | Group 11 months ended 30 June 2021 £ |
|---|----|---|---|
| Turnover | 4 | 66,936,035 | 115,518,778 |
| Cost of sales | | (51,040,094) | (63,358,351) |
| Gross profit | | 15,895,941 | 52,160,427 |
| Administrative expenses (excluding amortisation and impairment of player registrations) | | (14,527,381) | (17,357,059) |
| Amortisation and impairment of player registrations | | (24,802,116) | (25,777,695) |
| Other operating income | 5 | 621,159 | 2,801,113 |
| Impairment of tangible fixed assets | | (1,269,084) | - |
| Other operating charges | | (18,182) | - |
| Operating (loss)/profit | 6 | (24,099,663) | 11,826,786 |
| Profit on disposal of player registrations | | 11,168,319 | 1,133,571 |
| Profit on disposal of fixed assets | | 19,862 | - |
| Total operating (loss)/profit | | (12,911,482) | 12,960,357 |
| Interest payable and similar expenses | 10 | (3,103,408) | (2,475,928) |
| (Loss)/profit before tax | | (16,014,890) | 10,484,429 |
| Tax on (loss)/profit | 11 | 767,117 | (755,725) |
| (Loss)/profit for the financial year | | (15,247,773) | 9,728,704 |
| Other comprehensive income for the year | | | |
| Gain on revaluation of properties | | 10,024,537 | - |
| Other comprehensive income for the year | | 10,024,537 | - |
| Total comprehensive (loss)/income for the year | | (5,223,236) | 9,728,704 |
| (Loss)/profit for the year attributable to: | | | |
| Owners of the parent company | | (15,247,773) | 9,728,704 |
| | | (15,247,773) | 9,728,704 |

The notes on pages 22 to 47 form part of these financial statements.

BLADES LEISURE LIMITED
REGISTERED NUMBER:06963761

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | Note | 2022 £ | 2021 £ |
|--|------|---------------------|---------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 32,189,323 | 69,277,490 |
| Tangible assets | 13 | 55,049,368 | 48,591,574 |
| | | <u>87,238,691</u> | <u>117,869,064</u> |
| Current assets | | | |
| Stocks | 15 | 236,151 | 1,423,283 |
| Debtors: amounts falling due within one year | 16 | 24,359,474 | 4,359,266 |
| Current asset investments | 17 | 8,465,884 | 5,958,548 |
| Cash at bank and in hand | 18 | 1,648,351 | 2,918,304 |
| | | <u>34,709,860</u> | <u>14,659,401</u> |
| Creditors: amounts falling due within one year | 19 | (85,636,714) | (102,896,792) |
| Net current liabilities | | <u>(50,926,854)</u> | <u>(88,237,391)</u> |
| Total assets less current liabilities | | <u>36,311,837</u> | <u>29,631,673</u> |
| Creditors: amounts falling due after more than one year | 20 | (30,892,339) | (19,379,098) |
| Provisions for liabilities | | | |
| Deferred income | 23 | (8,141,981) | (7,751,822) |
| Net (liabilities)/assets | | <u>(2,722,483)</u> | <u>2,500,753</u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 33,200,000 | 33,200,000 |
| Share premium account | 26 | 27,495,642 | 27,495,642 |
| Revaluation reserve | 26 | 10,024,537 | - |
| Profit and loss account | 26 | (73,442,662) | (58,194,889) |
| Equity attributable to owners of the parent Company | | <u>(2,722,483)</u> | <u>2,500,753</u> |

BLADES LEISURE LIMITED
REGISTERED NUMBER:06963761

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2022

The parent company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company was £Nil (2021: £1,991,632).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Abdullah Alghamdi

Abdullah Yousef Mohammed Alghamdi
Director

Date: 31/5/2023

The notes on pages 22 to 47 form part of these financial statements.

BLADES LEISURE LIMITED
REGISTERED NUMBER:06963761

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | Note | 2022 £ | 2021 £ |
|---|------|----------------------|----------------------|
| Fixed assets | | | |
| Investments | 14 | 14,800,000 | - |
| Current assets | | | |
| Debtors: amounts falling due within one year | 16 | 5,557,920 | 18,022,852 |
| Current asset investments | 17 | 8,465,884 | 5,958,548 |
| Cash at bank and in hand | 18 | 15 | 15 |
| | | <u>14,023,819</u> | <u>23,981,415</u> |
| Creditors: amounts falling due within one year | 19 | (7,494,443) | (23,963,406) |
| Net current assets | | <u>6,529,376</u> | <u>18,009</u> |
| Total assets less current liabilities | | <u>21,329,376</u> | <u>18,009</u> |
| Creditors: amounts falling due after more than one year | 20 | (21,311,367) | - |
| Net assets | | <u><u>18,009</u></u> | <u><u>18,009</u></u> |
| Capital and reserves | | | |
| Called up share capital | 25 | 33,200,000 | 33,200,000 |
| Share premium account | 26 | 27,495,642 | 27,495,642 |
| Profit and loss account carried forward | | (60,677,633) | (60,677,633) |
| | | <u><u>18,009</u></u> | <u><u>18,009</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Abdullah Alghamdi
Abdullah Yousef Mohammed Alghamdi
 Director

Date: 31/5/2023

The notes on pages 22 to 47 form part of these financial statements.

BLADES LEISURE LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

| | Called up share capital | Share premium account | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ | £ |
| At 1 July 2021 | 33,200,000 | 27,495,642 | - | (58,194,889) | 2,500,753 |
| Comprehensive income for the year | | | | | |
| Loss for the year | - | - | - | (15,247,773) | (15,247,773) |
| Gain on revaluation of properties | - | - | 10,024,537 | - | 10,024,537 |
| Other comprehensive income for the year | - | - | 10,024,537 | - | 10,024,537 |
| Total comprehensive income for the year | - | - | 10,024,537 | (15,247,773) | (5,223,236) |
| Total transactions with owners | - | - | - | - | - |
| At 30 June 2022 | 33,200,000 | 27,495,642 | 10,024,537 | (73,442,662) | (2,722,483) |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021**

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 August 2020 | 33,200,000 | 27,495,642 | (67,923,593) | (7,227,951) |
| Comprehensive income for the period | | | | |
| Profit for the period | - | - | 9,728,704 | 9,728,704 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | - | 9,728,704 | 9,728,704 |
| Total transactions with owners | - | - | - | - |
| At 30 June 2021 | 33,200,000 | 27,495,642 | (58,194,889) | 2,500,753 |

The notes on pages 22 to 47 form part of these financial statements.

BLADES LEISURE LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|----------------------------------|---------------------------------|-------------------|
| At 1 July 2021 | 33,200,000 | 27,495,642 | (60,677,633) | 18,009 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - |
| Total transactions with owners | - | - | - | - |
| At 30 June 2022 | 33,200,000 | 27,495,642 | (60,677,633) | 18,009 |

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021**

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|----------------------------------|---------------------------------|-------------------|
| At 1 August 2020 | 33,200,000 | 27,495,642 | (58,686,001) | 2,009,641 |
| Comprehensive income for the period | | | | |
| Loss for the period | - | - | (1,991,632) | (1,991,632) |
| Total comprehensive income for the period | - | - | (1,991,632) | (1,991,632) |
| Total transactions with owners | - | - | - | - |
| At 30 June 2021 | 33,200,000 | 27,495,642 | (60,677,633) | 18,009 |

The notes on pages 22 to 47 form part of these financial statements.

BLADES LEISURE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

| | 2022 £ | 2021 £ |
|---|--------------------|---------------------|
| Cash flows from operating activities | | |
| (Loss)/profit for the financial year | (15,247,773) | 9,728,704 |
| Adjustments for: | | |
| Amortisation of intangible assets | 24,802,116 | 25,777,695 |
| Depreciation of tangible assets | 3,274,771 | 2,858,734 |
| Impairments of fixed assets | 1,269,084 | - |
| Profit on sale of intangible fixed assets | (11,168,319) | (1,133,571) |
| Profit on sale of tangible fixed assets | (19,862) | - |
| Government grants | (74,307) | (62,649) |
| Interest payable | 3,103,408 | 2,475,928 |
| Tax charge | (767,117) | 755,725 |
| Decrease/(increase) in stocks | 1,187,132 | (357,350) |
| (Increase)/decrease in debtors | (4,952,253) | 5,476,775 |
| (Decrease) in creditors | (9,067,135) | (22,942,433) |
| Corporation tax (paid)/received | (2,052,192) | - |
| Decrease/(increase) in deferred income | 464,466 | (32,503,772) |
| Net cash generated from operating activities | (9,247,981) | (9,926,214) |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (10,312,187) | (26,070,494) |
| Proceeds from sale of intangible assets | 9,726,086 | 3,400,865 |
| Purchase of tangible fixed assets | (977,113) | (876,074) |
| Proceeds from sale of tangible fixed assets | 19,862 | - |
| Purchase of current asset investments | (2,507,336) | 2,459,413 |
| Net cash from investing activities | (4,050,688) | (21,086,290) |

BLADES LEISURE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

| | 2022 £ | 2021 £ |
|---|-------------------------|-------------------------|
| Cash flows from financing activities | | |
| Repayment of loans | (41,320,256) | (5,926,581) |
| Advance of bank loans | 50,577,680 | 35,000,000 |
| Advance of directors loans | 6,083,910 | - |
| Repayment of finance leases | (209,210) | (238,898) |
| Interest payable | (3,103,408) | (2,475,928) |
| Net cash used in financing activities | <u>12,028,716</u> | <u>26,358,593</u> |
| Net (decrease) in cash and cash equivalents | <u>(1,269,953)</u> | <u>(4,653,911)</u> |
| Cash and cash equivalents at beginning of year | 2,918,304 | 7,572,215 |
| Cash and cash equivalents at the end of year | <u><u>1,648,351</u></u> | <u><u>2,918,304</u></u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | <u><u>1,648,351</u></u> | <u><u>2,918,304</u></u> |

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

1. General information

Blades Leisure Limited ("the Company") is a private Company limited by shares, incorporated in England and Wales. Registered number 06963761. The Company's registered office is Bramall Lane, Cherry Street, Sheffield, S2 4SU.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.3 Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position, have been considered by the Directors throughout the year and will continue to be reviewed in line with the Group's strategic plan.

The Directors have reviewed the forecasts for the period ending June 2024, which demonstrate the Company can operate within its planned facilities for the period following the promotion to the Premier League including, if required, support from its controlling parties. Forecasts have been prepared for the next three seasons considering different league scenarios and sensitivities for the club and its ability to continue to be able to support itself.

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

2.4 Turnover

Turnover comprises revenue generated by the Group's principal activities excluding transfer fees, donations and value added tax. Revenue streams include Match day, Media, Academy and Facility.

Match day

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

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

Broadcasting

Broadcasting revenues represent income receivable from all broadcasting and publishing contracts including the Premier League central deals, EFL distributions, broadcasting revenue from cup fixtures, internet revenues and programme income. Premier League and EFL distributions comprise of a fixed element, which is recognised equally over home fixtures played, along with additional revenues that are variable based on final league position.

Sponsorship & Advertising

Sponsorship and advertising revenues include revenue receivable from sponsors in the period, including shirt sponsorship and other advertising at the ground. Such revenue is recognised on an accruals basis across the period the sponsorship and advertising income relates to.

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)**2.4 Turnover (continued)****Facility**

Facility revenues include rental and facility hire income, gym membership revenue from Gym Plus at Crookes. Facility revenue is recognised in the period in which the facility has been utilised. Where facility income is received or invoiced in a period it is treated as deferred income and released in the period to which the income relates.

2.5 Other operating income

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 Intangible assets

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

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

The estimated useful lives range as follows:

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

Transfer fees paid for player registrations

The costs of acquired player registrations, including agents fees, are expensed over the length of the contract, to reflect the ongoing service provided.

2.7 Tangible fixed assets

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

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

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)**2.7 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

| | |
|-----------------------|-------------------------------|
| Buildings | - 2% straight line basis |
| Fixtures and fittings | - 10%-25% straight line basis |
| Motor vehicles | - 25% straight line basis |

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

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

The basis of valuation of property has changed during the year, see note 13 for further details of the revaluation in the year.

2.8 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Statement of Comprehensive Income.

2.9 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)**2.10 Impairment of fixed assets and goodwill**

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

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.12 Stocks

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

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

2.13 Debtors

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

2.14 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)**2.15 Financial instruments**

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

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

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

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

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

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

2.16 Creditors

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

2.17 Finance costs

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

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

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

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

Multi-employer pension plan

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

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

2.19 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.20 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

2. Accounting policies (continued)

2.21 Taxation

Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

2.22 Exceptional items

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

2.23 Contingencies

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

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

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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

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

3.1 Impairment of player registration

The valuation of intangible assets is given consideration by the Directors. Under certain circumstances, the Directors may commence an impairment review. The following factors would be taken into account:

- A career ending injury
- A player who has irrecoverable differences with senior management

The impairment will be based on the Directors' best estimate of disposal value taking in to account recent player disposals by the Club and other Clubs, as well as any offers received for the player. When an impairment charge is considered necessary it is charged to the Statement of Comprehensive Income in the period in order to reduce the carrying value of the player to the player's fair value less any costs to sell.

3.2 Impairment of debtors

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

3.3 Multi-employer defined benefit pension scheme

The Group is a member of a multi-employer plan. In the judgement of the Directors, the Group does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 28 for further details.

3.4 Stock provisioning

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

3.5 Impairment of tangible assets

The valuation of tangible assets is given consideration by the Directors. When a valuation is undertaken, if the value of the assets does not increase, then the impairment of this asset is reflected in the Statement of Comprehensive Income in the year. The basis of valuation of property has changed during the year, see note 13 for further details of the revaluation in the year.

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

4. Turnover

| | Group Year ended 30 June 2022 £ | <i>Group 11 months ended 30 June 2021 £</i> |
|---------------------------|--|---|
| Match Day | 7,110,784 | 57,609 |
| Broadcasting | 50,740,800 | 101,300,363 |
| Sponsorship & Advertising | 3,696,069 | 10,063,732 |
| Facility | 5,388,382 | 4,097,074 |
| | 66,936,035 | 115,518,778 |

Analysis of turnover by country of destination:

| | Group Year ended 30 June 2022 £ | <i>Group 11 months ended 30 June 2021 £</i> |
|-------------------|--|---|
| United Kingdom | 66,786,618 | 111,618,778 |
| Rest of Europe | 48,167 | - |
| Rest of the World | 101,250 | 3,900,000 |
| | 66,936,035 | 115,518,778 |

5. Other operating income

| | Group Year ended 30 June 2022 £ | <i>Group 11 months ended 30 June 2021 £</i> |
|----------------------------------|--|---|
| Other grants released | 74,308 | 62,649 |
| Coronavirus job retention scheme | - | 238,464 |
| Insurance claim | - | 2,500,000 |
| Other income | 546,851 | - |
| | 621,159 | 2,801,113 |

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

| | Group Year ended 30 June 2022 £ | <i>Group 11 months ended 30 June 2021 £</i> |
|---------------------------------------|--|---|
| Depreciation of tangible fixed assets | 3,274,771 | 2,858,734 |
| Amortisation of intangible assets | 24,802,116 | 25,777,695 |
| Impairment of trade debtors | 136,229 | (30,474) |
| Operating lease rentals | 23,751 | 17,129 |
| Impairment of tangible fixed assets | 1,269,084 | - |
| | <u>1,269,084</u> | <u>-</u> |

7. Auditor's remuneration

During the year, the Group obtained the following services from the Company's auditor:

| | Group Year ended 30 June 2022 £ | <i>Group 11 months ended 30 June 2021 £</i> |
|---|--|---|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts | 55,000 | 51,500 |
| Fees payable to the Group's auditor and its associates in respect of: | | |
| Interim review procedures | 5,500 | 5,250 |
| Tax compliance | 14,750 | 19,500 |
| All other services | 4,000 | 19,125 |
| | <u>24,250</u> | <u>43,875</u> |

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

8. Employees

| | Group Year ended 30 June 2022 £ | <i>Group 11 months ended 30 June 2021 £</i> | Company Year ended 30 June 2022 £ | <i>Company 11 months ended 30 June 2021 £</i> |
|-------------------------------------|--|---|--|---|
| Wages and salaries | 37,095,249 | 50,049,663 | - | - |
| Social security costs | 5,081,296 | 7,033,424 | - | - |
| Cost of defined contribution scheme | 193,704 | 334,484 | - | - |
| | <u>42,370,249</u> | <u>57,417,571</u> | <u>-</u> | <u>-</u> |

The total staff costs, including Directors' remuneration for the Company was £Nil (2021: £Nil).

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

| | Group Year ended 30 June 2022 No. | <i>Group 11 months ended 30 June 2021 No.</i> |
|----------------------------|--|---|
| Playing and coaching staff | 143 | 136 |
| Non-football | 169 | 172 |
| | <u>312</u> | <u>308</u> |

The average monthly number of employees, including the Directors, for the Company was Nil (2021: Nil).

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

9. Directors' remuneration

| | Group Year ended 30 June 2022 £ | <i>Group 11 months ended 30 June 2021 £</i> |
|---|--|---|
| Directors' emoluments | - | 122,666 |
| Company contributions to defined contribution pension schemes | - | 985 |
| | <u>-</u> | <u>123,651</u> |

The highest paid director received remuneration of £Nil (2021: £122,666), which was paid by a subsidiary entity.

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2021: £985).

10. Interest payable and similar expenses

| | Group Year ended 30 June 2022 £ | <i>Group 11 months ended 30 June 2021 £</i> |
|--|--|---|
| Other interest payable | 425,711 | - |
| Loan interest payable | 2,637,684 | 2,331,123 |
| Finance leases and hire purchase contracts | 21,218 | 34,769 |
| Finance costs | 18,795 | 110,036 |
| | <u>3,103,408</u> | <u>2,475,928</u> |

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

11. Taxation

| | Group Year ended 30 June 2022 £ | Group 11 months ended 30 June 2021 £ |
|--|---|---|
| Corporation tax | | |
| Current tax on profits for the year | - | 768,897 |
| Adjustments in respect of previous periods | (767,117) | (13,172) |
| | <u>(767,117)</u> | <u>755,725</u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: *lower than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

| | Group Year ended 30 June 2022 £ | Group 11 months ended 30 June 2021 £ |
|---|---|---|
| (Loss)/profit on ordinary activities before tax | (16,014,890) | 10,484,429 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%) | (3,042,829) | 1,992,042 |
| Effects of: | | |
| Fixed asset differences | 209,073 | 442,500 |
| Expenses not deductible for tax purposes | 660,810 | 162,700 |
| Non-taxable income | (22,473) | (6,978) |
| Other permanent differences | 1,170 | - |
| Utilisation of brought forward losses | - | (1,824,019) |
| R&D expenditure credits | - | 5,813 |
| Adjustments to tax charge in respect of prior periods | (767,117) | (13,172) |
| Remeasurement of deferred tax for changes in tax rates | (559,115) | (3,161) |
| Movement in deferred tax not recognised | 2,065,599 | - |
| Removal of prior year adjustment relating to deferred tax | (18,384) | - |
| Losses carried back | 706,149 | - |
| Total tax charge for the year/period | <u>(767,117)</u> | <u>755,725</u> |

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

11. Taxation (continued)**Factors that may affect future tax charges**

Unrelieved tax losses of approximately £58,016,960 (2021: £50,525,000) remain available to offset against future taxable trading profits.

No provision has been made for deferred tax on trading losses carried forward. The total amount unprovided for is approximately £14,504,240 (2021: £13,251,000). At present it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed.

12. Intangible assets**Group**

| | Player registrations £ | Trademarks £ | Total £ |
|-------------------------------------|------------------------------|-----------------|--------------|
| Cost | | | |
| At 1 July 2021 | 113,749,450 | 100,000 | 113,849,450 |
| Additions | 574,215 | - | 574,215 |
| Disposals | (18,568,660) | - | (18,568,660) |
| At 30 June 2022 | 95,755,005 | 100,000 | 95,855,005 |
| Amortisation | | | |
| At 1 July 2021 | 44,471,960 | 100,000 | 44,571,960 |
| Charge for the year on owned assets | 24,802,116 | - | 24,802,116 |
| On disposals | (5,708,394) | - | (5,708,394) |
| At 30 June 2022 | 63,565,682 | 100,000 | 63,665,682 |
| Net book value | | | |
| At 30 June 2022 | 32,189,323 | - | 32,189,323 |
| At 30 June 2021 | 69,277,490 | - | 69,277,490 |

The intangible asset that is material to the financial statements is the first team squad. The carrying value of the squad is £32,189,323 (2021: £69,277,490) with a remaining amortisation period of 1-3 years.

Amortisation on intangible assets is charged to administrative expenses.

BLADES LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

13. Tangible fixed assets

Group

| | Land and buildings £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|-----------------------|----------------------------|-------------------------------|------------------------|------------|
| Cost | | | | |
| At 1 July 2021 | 44,007,139 | 12,286,322 | 50,668 | 56,344,129 |
| Additions | 324,758 | 652,355 | - | 977,113 |
| Revaluations | 10,024,537 | - | - | 10,024,537 |
| At 30 June 2022 | 54,356,434 | 12,938,677 | 50,668 | 67,345,779 |
| Depreciation | | | | |
| At 1 July 2021 | 1,012,084 | 6,693,697 | 46,774 | 7,752,555 |
| Charge for the year | 884,717 | 2,386,160 | 3,894 | 3,274,771 |
| Impairment charge | 1,269,085 | - | - | 1,269,085 |
| At 30 June 2022 | 3,165,886 | 9,079,857 | 50,668 | 12,296,411 |
| Net book value | | | | |
| At 30 June 2022 | 51,190,548 | 3,858,820 | - | 55,049,368 |
| At 30 June 2021 | 42,995,055 | 5,592,625 | 3,894 | 48,591,574 |

The net carrying amount of assets held under hire purchase agreements is £250,433 (2021: £475,334). These assets are all included within fixtures and fittings.

The properties held by the Group have been revalued as at 30th June 2022 following an independent valuation. The basis of valuation has been undertaken as the market value in accordance with the RICS valuation – professional standards, 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.' Prior to the revaluation, the carrying amount that would have been recognised under the cost model was £42,435,096.

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

14. Fixed asset investments**Company**

| | Investments in subsidiary companies £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 July 2021 | 19,817,313 |
| Additions | 14,800,000 |
| At 30 June 2022 | <u>34,617,313</u> |
| Impairment | |
| At 1 July 2021 | 19,817,313 |
| At 30 June 2022 | <u>19,817,313</u> |
| Net book value | |
| At 30 June 2022 | <u>14,800,000</u> |
| At 30 June 2021 | <u>-</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Principal activity | Class of shares | Holding |
|--|----------------------------|----------------------------|----------------|
| Sheffield United Football Club Limited | Professional football club | Ordinary | 100% |
| Premier Security and Events Limited | Stewarding | Ordinary | 100% |
| Bobby Charlton International Limited | Dormant | Ordinary | 100% |
| Esplanade 1 Limited | Dormant | Ordinary | 100% |
| SUFC Women Limited | Professional football club | Ordinary | 100% |

All subsidiary undertakings are registered at Bramall Lane Ground, Cherry Street, S2 4SU and are incorporated in England and Wales.

On 14th February 2022, £14.8m of intercompany debt between Blades Leisure Limited and The Sheffield United Football Club was converted to equity in the form of 29,600 ordinary shares in The Sheffield United Football Club. This forms an investment from the company Blades Leisure Limited. No payment was exchanged, the transaction absolved an element of the loan between group companies.

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

15. Stocks

| | Group 2022 £ | <i>Group 2021 £</i> |
|------------------|-----------------------------|-----------------------------|
| Goods for resale | 236,151 | <i>1,423,283</i> |

Stock is stated after provisions for impairment of £51,618 (2021: £38,172).

Stock recognised as an expense during the year was £1,624,208 (2021: £1,447,746).

16. Debtors

| | Group 2022 £ | <i>Group 2021 £</i> | Company 2022 £ | <i>Company 2021 £</i> |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors | 21,423,787 | <i>2,903,006</i> | - | - |
| Amounts owed by group undertakings | - | - | 5,557,920 | <i>17,965,391</i> |
| Amounts owed by joint ventures and associated undertakings | - | <i>57,461</i> | - | <i>57,461</i> |
| Other debtors | 649,898 | <i>648,128</i> | - | - |
| Prepayments and accrued income | 1,528,374 | <i>738,712</i> | - | - |
| Tax recoverable | 757,415 | <i>11,959</i> | - | - |
| | 24,359,474 | <i>4,359,266</i> | 5,557,920 | <i>18,022,852</i> |

Included within trade debtors are amounts totaling £16,795,000 (2021: £2,492,500) relating to the consideration receivable for the sale of player registrations.

Trade debtors are stated after provisions for impairment of £197,602 (2021: £112,619).

Amounts owed by group undertakings are repayable on demand.

17. Current asset investments

| | Group 2022 £ | <i>Group 2021 £</i> | Company 2022 £ | <i>Company 2021 £</i> |
|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Fixed-term deposit accounts | 8,465,884 | <i>5,958,548</i> | 8,465,884 | <i>5,958,548</i> |

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

18. Cash and cash equivalents

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 1,648,351 | 2,918,304 | 15 | 15 |

19. Creditors: Amounts falling due within one year

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank loans | 32,999,053 | 53,782,250 | 1,235,442 | 23,782,250 |
| Directors loan | 6,083,910 | - | 6,083,910 | - |
| Trade creditors | 29,782,758 | 21,590,816 | - | - |
| Football league pension liability | 124,532 | 118,601 | - | - |
| Corporation tax | - | 2,073,853 | - | - |
| Other taxation and social security | 5,043,469 | 12,093,141 | - | - |
| Obligations under finance lease and hire purchase contracts | 167,635 | 209,210 | - | - |
| Other creditors | 6,423,866 | 9,133,148 | - | - |
| Accruals and deferred income | 5,011,491 | 3,895,773 | 175,091 | 181,156 |
| | 85,636,714 | 102,896,792 | 7,494,443 | 23,963,406 |

Included within the above amounts are £26,766,543 (2021: £18,250,511) relating to consideration payable for player registrations.

Amounts owed to group undertakings are repayable on demand.

The finance leases and hire purchase contracts are secured on the assets to which they relate. Bank loans are secured by a legal charge over the property or undertaking of the company.

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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

| | Group 2022 £ | <i>Group 2021 £</i> | Company 2022 £ | <i>Company 2021 £</i> |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank loans | 30,040,621 | - | 21,311,367 | - |
| Net obligations under finance leases and hire purchase contracts | 14,693 | 182,328 | - | - |
| Trade creditors | 311,160 | 18,565,164 | - | - |
| Football league pension liability | 516,735 | 622,476 | - | - |
| Share capital treated as debt | 9,130 | 9,130 | - | - |
| | <u>30,892,339</u> | <u>19,379,098</u> | <u>21,311,367</u> | <u>-</u> |

Disclosure of the terms and conditions attached to the non-equity shares is made in note 25.

Included within the above amounts are £311,160 (2021: £18,565,164) relating to consideration payable for player registrations.

The finance leases and hire purchase contracts are secured on the assets to which they relate. Bank loans are secured by a legal charge over the property or undertaking of the company.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 2022 £ | <i>Group 2021 £</i> |
|-------------------|-----------------------------|-----------------------------|
| Within one year | 179,544 | 241,967 |
| Between 1-5 years | 16,826 | 196,369 |
| | <u>196,370</u> | <u>438,336</u> |
| Less interest | (14,042) | (46,798) |
| | <u>182,328</u> | <u>391,538</u> |

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

22. Financial instruments

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Financial assets | | | | |
| Trade debtors | 21,423,787 | 2,903,006 | - | - |
| Amounts owed by group undertakings | - | - | 5,557,920 | 17,965,391 |
| Other debtors | 649,898 | 648,128 | - | 57,461 |
| | <u>22,073,685</u> | <u>3,551,134</u> | <u>5,557,920</u> | <u>18,022,852</u> |
| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
| Financial liabilities | | | | |
| Trade creditors | (30,093,918) | (40,155,980) | - | - |
| Bank loans | (63,039,674) | (53,782,250) | (22,546,809) | (23,782,250) |
| Other creditors | (6,423,866) | (9,133,148) | - | - |
| Accruals | (5,011,491) | (3,895,773) | (175,091) | (181,156) |
| Football League pension liability | (641,267) | (741,077) | - | - |
| Net obligations under finance leases and hire purchase contracts | (182,328) | (391,538) | - | - |
| Preference share capital treated as debt | (9,130) | (9,130) | - | - |
| | <u>(105,401,674)</u> | <u>(108,108,896)</u> | <u>(22,721,900)</u> | <u>(23,963,406)</u> |

23. Deferred income

| | Group 2022 £ | Group 2021 £ |
|------------------------|-----------------------------|-----------------------------|
| Sponsorship | 1,358,042 | 1,096,522 |
| Advance ticket sales | 4,824,689 | 4,621,743 |
| Deferred capital grant | 1,959,250 | 2,033,557 |
| | <u>8,141,981</u> | <u>7,751,822</u> |

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

24. Covid-19 additional costs

| | Group 2022 £ | <i>Group 2021 £</i> |
|----------------------------|-----------------------------|-----------------------------|
| Rebate of broadcast income | - | - |
| Lost revenue | - | 8,933,037 |
| Increased costs incurred | - | - |
| | <u>-</u> | <u>8,933,037</u> |

In the current year it has been noted that additional costs of £Nil (2021: £8,933,037) have been incurred by the entity as a result of the Covid-19 pandemic.

25. Share capital

| | Group 2022 £ | <i>Group 2021 £</i> |
|---|-----------------------------|-----------------------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 33,200,000 Ordinary shares of £1 each | <u>33,200,000</u> | <u>33,200,000</u> |

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

| | Group 2022 £ | <i>Group 2021 £</i> |
|-----------------------------------|-----------------------------|-----------------------------|
| Shares classified as debt | | |
| 913 Preference shares of £10 each | <u>9,130</u> | <u>9,130</u> |

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

26. Reserves**Share premium account**

Represents the amounts received, in excess of the face value, on shares issued.

Revaluation reserve

Includes reserves for the revaluation of tangible fixed asset buildings.

Profit and loss account

Includes all current and prior period retained profits and losses.

27. Contingent liabilities

The Group has received grant income over many years. The funding bodies have clawback arrangements in place for many of the grants and the Group may have to pay monies back in the event of an unsatisfactory audit.

28. Pension commitments

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

The last actuarial valuation was carried out at 31 August 2020 where the total deficit on the on-going valuation basis was £27.6 million. The key assumptions used to calculate the deficit at the 31 August 2020 actuarial valuation are:

Discount Rate: BoE Gilt Yield Curve +2.0% p.a. (2.7% p.a.)

RPI Inflation: BoE Inflation Curve (3.15% p.a.)

Pension Increases (pension accrued pre 6 April 1997): Fixed 3% p.a.

Pension Increases (pension accrued post 6 April 1997): RPI (min 3%, max %) (3.55% p.a.)

Mortality (pre-retirement): None

Mortality (post-retirement): S3PA base tables CMI 2019 projection 1.5% p.a. long term improvement rate.

Default smoothing Initial addition of 0.5% p.a.

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

The Club currently pays total contributions of £119,550 per annum which increases at 5.0% per annum and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 30 June 2027.

As at 30 June 2022, based on an appropriate discount rate of 2.7% per annum, the present value of the Club's outstanding contributions (i.e. their future liability) is £641,266 (2021: £741,077). The discount rate has been based on the BoE Gilt Yield Curve + 2.0% p.a. This amounts to £124,532 (2021: £118,601) due within one year and £516,735 (2021: £622,476) due after more than one year and is included within other payables.

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

28. Pension commitments (continued)

A financial cost of £18,795 (2021: £110,037) is made to the Statement of Comprehensive Income during the year, representing the interest cost on the outstanding deficit of the Scheme.

In addition, the Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £193,702 (2021: £334,484). Contributions totalling £32,000 (2021: £34,128) were payable to the fund at the reporting date.

29. Commitments under operating leases

At 30 June 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group 2022 £ | Group 2021 £ |
|--|-----------------------------|-----------------------------|
| Not later than 1 year | 17,531 | 36,814 |
| Later than 1 year and not later than 5 years | - | 17,531 |
| | <u>17,531</u> | <u>54,345</u> |

30. Related party transactions

As a wholly owned subsidiary of Blades Leisure Limited, the company is exempt from the requirements of FRS 102 to disclose transactions with other members of the group headed by Blades Leisure Limited on the grounds that accounts are publicly available.

Sales were made of £Nil (2021: (£8,340)) to AMAS Al Riyadh Holding company with a period end debtor balance of £Nil (2021: £Nil). Purchases were made of £Nil (2021: £Nil) from AMAS Al Riyadh Holding Company with a period end creditor balance of £4,166 (2021: £4,166). AMAS Al Riyadh Holding is a company in which the ultimate beneficiary has a controlling investment.

Sales were made of £115,013 (2021: £436,122) to United World SA with a period end debtor balance of £112,445 (2021: £525). Consultancy fees were charged of £1,525,609 (2021: £2,025,000) from United World SA with a period end creditor balance of £450,000 (2021: £405,000). The consultancy fees to United World SA cover certain costs including staff related costs which are borne by another group Company. The directors did not receive any remuneration from the Company in respect of their services during the year. Certain directors who served during the year are also directors of the parent Company or a fellow subsidiary Company and are remunerated by those companies. Although they receive remuneration in respect of their services to various group companies, including this Company, it is not practicable to allocate their remuneration to individual companies in the group. Therefore, their remuneration has been disclosed in the financial statements of the relevant Company from which remuneration is received.

Sales were made of £70,168 (2021: £43,910) to Sheffield United Community Foundation with a period end debtor balance of £18,616 (2021: £22,905). Purchases were made of £23,832 (2021: £400) from Sheffield United Community Foundation with a period end creditor balance of £1,650 (2021: £Nil).

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

30. Related party transactions (continued)

During the year, the company received a loan of £6,083,910 from the ultimate parent company, United World Holding Limited. No interest is payable other than in the event of default.

31. Post balance sheet events

Subsequent to the year end, Sheffield United has secured automatic promotion back to the Premier League with a record breaking 91 points achieved for the club in the Championship. The team also has reached the FA Cup Semi Final against Manchester City at Wembley Stadium for the first time since the 2013/2014 season against Hull City.

In July 2022, the club purchased Anel Ahmedhodzic from Malmo Fotbollforening.

32. Contingent transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, certain additional amounts would be payable by the company if conditions as to future team selection or performance are met. The maximum that could be payable is £15,105,778 (2021: £14,183,407). This amount is not provided in the financial statements as payment is not yet probable.

33. Ultimate parent undertaking and controlling party

The Group is headed up by Blades Leisure Limited. Blades Leisure Limited is a wholly owned subsidiary of United World Holding Limited, a Guernsey registered company.

HRH Prince Abdullah Bin Mossad Bin Abdulaziz Al Saud is the ultimate beneficiary of the Blades Leisure Limited group of companies.

34. Analysis of net debt

| | At 1 July 2021 £ | Cash flows £ | Other non- cash changes £ | At 30 June 2022 £ |
|---|------------------------|---------------------|------------------------------------|-------------------------|
| Cash at bank and in hand | 2,918,304 | (1,269,953) | - | 1,648,351 |
| Obligations under finance lease and hire purchase contracts | (391,538) | 209,210 | - | (182,328) |
| Debt due within 1 year | (53,782,250) | (9,257,424) | 30,040,621 | (32,999,053) |
| Debt due after 1 year | - | - | (30,040,621) | (30,040,621) |
| | <u>(51,255,484)</u> | <u>(10,318,167)</u> | <u>-</u> | <u>(61,573,651)</u> |

BLADES LEISURE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

35. Liability limitation agreement with the auditor

The company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditors, in respect of the statutory audit for the year ended 30 June 2022. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditors Liability Agreements, and was approved by the shareholders on 13 October 2022.