

Company Number 5321166

Red Football Joint Venture Limited
Report and Accounts
for the year ended 30 June 2008

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Red Football Joint Venture Limited

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Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2008

The directors present their report of the audited Group and Company financial statements for the year ended 30 June 2008.

Principal activity

The principal activity of the Group continues to be the operation of a professional football club together with related and ancillary activities.

Business review

Group turnover for the year was £256.2 million (2007: £210.1 million). Operating profit before depreciation and amortisation of intangible fixed assets and goodwill for the year was £80.4 million (2007: £75.4 million). Loss before tax for the year was £44.8 million (2007: £62.6 million).

The Manchester United team maintained a high level of performance on the pitch, winning the Premiership for the 10th time since its formation 16 seasons ago and winning the UEFA Champions League.

During the year Old Trafford staged 29 Manchester United home games (including 6 UEFA Champions League and 4 domestic cup matches), and a Super League Grand final.

During the year the company increased its stake in the club TV channel, MUTV to 66.7% in order to have greater influence over the future strategy of the channel (note 13).

During the year the company acquired an investment property, Manchester International Freight Terminal, for £11.6 million, comprising 28 acres of land, warehousing and office buildings which is adjacent to the Old Trafford stadium. The investment property currently has a rent roll of just under £1 million per annum.

Manchester United secured a number of significant new commercial partners during the year including Saudi Telecom and Diageo, and subsequent to the year end secured Seoul Metropolitan Government. The company also renewed a number of commercial partners including Budweiser, Travelcare and GSK.

At 30 June 2008 the Group had net debt of £649.4 million (2007: 604.6 million) and had net cash inflow from operating activities in the year of £88.2 million (2007: £87.6 million).

Strategy

The four key elements to the Group's strategy for growth are:

- Maintaining playing success
- Treating fans as customers
- Leveraging the global brand
- Developing club media rights

The Key Performance Indicators of the Group relate to the above four key elements and our performance in relation to these are evident from the comments in the business review and the attached financial statements.

Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2008 (continued)

Future developments and outlook for 2008/09

- 63,000 season tickets comprising both general admission seats and executive facilities were sold before the start of the 2008/09 season.
- The team qualified for the UEFA Champions League for the 13th consecutive season by finishing 1st in the Premier League in 2007/08 and winning the UEFA Champions League.
- The company continues to explore new commercial opportunities within the United Kingdom and overseas to further leverage the Manchester United brand.

Risks and uncertainties

Management has responsibility for the identification and evaluation of significant risks applicable to their area of business. The board continually assesses risks to the Group through regular management meetings and the monthly review of financial statements. The key business risks and uncertainties affecting the Group are considered to relate to maintaining playing success, compliance with the financial covenants, recruitment and retention of key employees (including playing and coaching staff) and the safety and security of supporters at the Old Trafford stadium.

Financial risk management

The Group's operations are exposed to a variety of financial risks that include credit risk, currency risk, liquidity risk and interest rate cash flow risk. The Board reviews and agrees policies for managing these risks which are then implemented by the finance department. The policies have remained unchanged throughout the year and are summarised below:

- **Credit risk**
Where considered appropriate, the Group performs credit checks using an external credit rating agency to evaluate the credit risk of potential customers. In relation to significant one-off transactions such as transfer agreements or sponsorship contracts, the Group reviews the credit risk based on information available and obtains bank guarantees where necessary.
- **Currency risk**
The Group enters into forward contracts to purchase and sell foreign currency on sales and purchase transactions (including player transfers) where considered appropriate in order to minimise the impact of currency movements on the Group's financial performance.
- **Liquidity risk**
The Group's liquidity position and short-term debt finance ensures that it has sufficient funds available for short term working capital requirements and for investment in the playing squad and other capital projects. In addition, the Group's borrowings have a spread of maturity periods in order to minimise the risk of uncertain funding in its operations.
- **Interest rate cash flow risk**
The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, which earn interest at a variable rate. Interest bearing liabilities include payment in kind loans, bank term loans and a revolving credit facility. The Group has a policy of maintaining a large proportion of its debt at a fixed rate, by entering into interest rate swaps, in order to ensure certainty of future interest cash outflows. The directors will revisit the appropriateness of this policy should the Group's operations change significantly in size or nature.

Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2008 (continued)

Post balance sheet events

The playing registrations of certain footballers have been disposed of, subsequent to the balance sheet date, for a total cost, net of associated proceeds of £1,627,000. The associated net book value was £3,448,000.

Subsequent to the balance sheet date, the playing registrations of certain players was acquired for a total consideration, including associated costs, of £3,442,000.

Dividends

An interim dividend was not paid during the year (2007: £nil). The directors do not recommend the payment of a final dividend (2007: £nil).

The loss after taxation and minority interest of £42.7 million (2007: £58.2 million) has been retained and transferred to reserves.

Directors

The directors who held office throughout the year (unless otherwise indicated) and at 30 June 2008 were as follows:

Avram Glazer
Bryan Glazer
Joel Glazer (Chairman)
Kevin Glazer
Darcie Glazer
Edward Glazer
Mitchell Nusbaum
William Sondericker (Company Secretary)

None of the directors had any beneficial interests in the ordinary shares of the Company.

Avram, Bryan, Joel, Kevin, Darcie and Edward Glazer have a financial interest in Red Football Limited Partnership, a limited liability partnership formed in the state of Nevada, United States of America. Red Football Limited Partnership indirectly wholly owns Red Football Shareholder Limited which is the largest parent undertaking for which group accounts will be prepared.

Qualifying third party indemnity provisions

At the time the report was approved a qualifying third party indemnity provision, made by the company was in place for one or more of the directors.

Differences between market and balance sheet value of land and buildings

The directors consider that the market value of interests in freehold property is at least that shown as the net book value of the assets. A valuation on a depreciated replacement cost basis, as reported on by Dunlop Haywards Limited, Consultant Surveyors, as at 30 June 2006, showed a valuation surplus, not incorporated in these financial statements, in the order of £107 million.

Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2008 (continued)

Charitable and political donations

Charitable donations during the year amounted to £388,000 (2007: £1,043,000). In line with Group policy, no donations were made for political purposes (2007: £nil).

The beneficiary of £363,000 (2007: £1,043,000) of donations made during the year was the Manchester United Foundation ("the Foundation") which was launched in 2006/07 and has received charitable status.

The Foundation is supported by Manchester United Limited, in that it has a license to use Manchester United Football Club's brand, and also certain rights to use the Club's ground at Old Trafford. Manchester United Limited is also a significant donor to the Foundation. The purpose of the Foundation, through its trading subsidiary, is to operate commercial activities using the Manchester United name, the profits from which will be used to support local and national official charity partners.

During the period, a £25,000 (2007: £nil) donation was made to the British Olympic Association.

Creditor payment policy

It is the Group's policy to:

- agree the terms of payment in advance with the supplier, and
- pay in accordance with the agreed terms and other legal obligations.

The number of days' purchases outstanding as at 30 June 2008 was 49 (2007: 32). This figure excludes creditors in respect of player acquisitions which are paid on the date payment is contractually due.

Employment policies

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

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

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

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

Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2008 (continued)

Environmental policies

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

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company and group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that the above requirements have been complied with in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Statement of disclosure of information to auditors

Each director in office at the date of approval confirms:

- a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) each director has taken all the steps necessary as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2008 (continued)

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board:



J Glazer
Director

Registered office:
Sir Matt Busby Way
Old Trafford
Manchester
M16 0RA

Company registered in England and Wales No. 5321166
28 October 2008

Red Football Joint Venture Limited

Independent auditors' report to the members of Red Football Joint Venture Limited

We have audited the group and parent company financial statements (the "financial statements") of Red Football Joint Venture Limited for the year ended 30 June 2008 which comprise the Consolidated profit and loss account, the Consolidated statement of total recognised gains and losses, the Consolidated and Company balance sheets, the Consolidated cash flow statement, Consolidated cash flow from operating activities, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statement in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance with the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

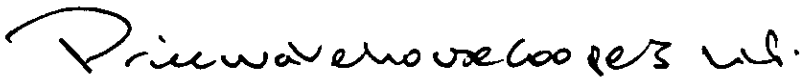
Red Football Joint Venture Limited

Independent auditors' report to the members of Red Football Joint Venture Limited (continued)

Opinion

In our opinion

- The financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2008 and of the group's loss and cash flows for the year then ended,
- The financial statements have been properly prepared in accordance with the Companies Act 1985, and
- The information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
28 October 2008

Red Football Joint Venture Limited

Consolidated profit and loss account

	Note	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Turnover: Group and share of joint venture		257,116	212,189
Less: Share of joint venture		(877)	(2,108)
Group turnover	2	256,239	210,081
Operating expenses – other	3	(254,823)	(201,526)
Operating expenses – exceptional items	4	(490)	(1,436)
Total operating expenses		(255,313)	(202,962)
Group operating profit		926	7,119
Analysed as:			
Group operating profit before depreciation and amortisation of players' registrations and goodwill		80,385	75,390
Depreciation		(8,720)	(9,086)
Amortisation of players' registrations		(35,481)	(24,252)
Amortisation of goodwill		(35,258)	(34,933)
Group operating profit		926	7,119
Share of operating profit /(loss) in:			
- Joint Venture		2	(292)
- Associate		91	19
Total operating profit: group and share of joint venture and associate		1,019	6,846
Profit on disposal of associate		1,209	-
Profit on disposal of players		21,831	11,760
Profit before interest and taxation		24,059	18,606
Net interest payable	5	(68,839)	(81,181)
Loss on ordinary activities before taxation		(44,780)	(62,575)
Taxation	7	1,814	4,419
Loss on ordinary activities after taxation		(42,966)	(58,156)
Equity minority interests		254	-
Loss for the financial year	23	(42,712)	(58,156)

The results for both the current year and prior year derive from continuing activities with the exception of the associate that was sold in April 2008. The results for the associate have been separately disclosed in the consolidated statement of total recognised gains and losses.

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical costs equivalents.

The accompanying notes on pages 15 to 41 are an integral part of these financial statements.

Red Football Joint Venture Limited

Consolidated statement of total recognised gains and losses

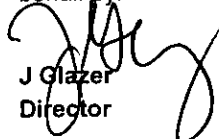
	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Loss for the financial year		
- Group	(42,689)	(57,615)
- Joint venture	(114)	(560)
- Associate	91	19
	(42,712)	(58,156)
- Exchange loss on revaluation of overseas subsidiary	(169)	-
- Share of reserves invested by joint venture partners	-	349
- Transfer on acquisition of previously held joint venture	(334)	-
Total recognised losses in the year	(43,215)	(57,807)

Red Football Joint Venture Limited

Consolidated balance sheet

	Note	At 30 June 2008 £'000	At 30 June 2007 £'000
Fixed assets			
Intangible assets – goodwill	9	421,453	451,489
Intangible assets – player registrations	10	92,739	123,091
Tangible assets	11	260,784	251,958
Investments	12	-	281
		774,976	826,819
Current assets			
Stock	14	283	179
Debtors – amounts falling due within one year	15	42,487	23,417
Debtors – amounts falling due after more than one year	15	10,460	2,250
Cash at bank and in hand		49,745	62,129
		102,975	87,975
Creditors – amounts falling due within one year	16	(75,425)	(84,940)
		27,550	3,035
Net current assets		27,550	3,035
Total assets less current liabilities		802,526	829,854
Creditors – amounts falling due after more than one year	17	(695,566)	(682,859)
Provision for liabilities and charges			
Deferred taxation	19a	(351)	(2,180)
Other provisions	19b	(1,335)	(1,411)
Investment in joint venture:	19c		
- Share of gross assets		-	860
- Share of gross liabilities		-	(5,482)
		-	(4,622)
Accruals and deferred income			
Deferred grant income	20	(448)	(528)
Other deferred income	21	(71,976)	(61,791)
Net assets		32,850	76,463
Capital and reserves			
Called up share capital	22	-	-
Share premium reserve	23	269,336	269,336
Revaluation reserve	23	2,463	-
Other reserves	23	566	566
Profit and loss reserve	23	(236,654)	(193,439)
Total shareholders' funds	24	35,711	76,463
Minority interests		(2,861)	-
Capital employed		32,850	76,463

The financial statements on pages 9 to 41 were approved by the board of directors on 28 October 2008 and signed on its behalf by:


J Glazer
Director

The accompanying notes on pages 15 to 41 are an integral part of these financial statements.

Red Football Joint Venture Limited

Company balance sheet

	Note	At 30 June 2008 £'000	At 30 June 2007 £'000
Fixed assets			
Investments	12	547,139	547,139
Creditors – amounts falling due within one year			
	16	(223,503)	(230,339)
Net current liabilities		(223,503)	(230,339)
Total assets less current liabilities		323,636	316,800
Creditors – amounts falling due after more than one year			
	17	(175,787)	(152,494)
Net assets		147,849	164,306
Capital and reserves			
Called up share capital	22	-	-
Share premium reserve	23	269,336	269,336
Profit and loss reserve	23	(121,487)	(105,030)
Total shareholders' funds		147,849	164,306

The financial statements on pages 9 to 41 were approved by the board of directors on 28 October 2008 and signed on its behalf by:


J Glazer
Director

The accompanying notes on pages 15 to 41 are an integral part of these financial statements.

Red Football Joint Venture Limited

Consolidated cash flow statement

	Note	Year ended 30 June 2008		Year ended 30 June 2007	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities			88,195		87,594
Returns on investments and servicing of finance					
- Interest received		1,011		668	
- Interest paid		(59,743)		(41,589)	
Net cash outflow from returns on investments and servicing of finance			(58,732)		(40,921)
Taxation (paid)/received			(205)		2,329
Capital expenditure and financial investment					
Proceeds from sale of players' registrations		19,301		18,755	
Purchase of players' registrations		(45,751)		(29,342)	
Proceeds from sale of tangible fixed assets		183		801	
Purchase of tangible fixed assets		(16,754)		(11,209)	
Net cash outflow from capital expenditure and financial investment			(43,021)		(20,995)
Acquisitions and disposals					
Purchase of shares in subsidiary undertaking	13	(2,615)		(4,717)	
Net cash acquired with subsidiary undertaking	13	113		-	
Proceeds from sale of investment in associated company	12	1,581		-	
Net cash outflow from acquisitions and disposals			(921)		(4,717)
Net cash (outflow)/inflow before use of liquid resources and financing			(14,684)		23,290
Financing					
Increase in borrowings		23,000		652,702	
Repayment of borrowings		(19,950)		(619,892)	
Purchase of loan stock		(750)		-	
Net cash inflow from financing			2,300		32,810
(Decrease)/increase in net cash in the year	25		(12,384)		56,100

Red Football Joint Venture Limited

Consolidated cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities;

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Net cash generated from operating activities		
Group operating profit before exceptional items	1,416	8,555
Exceptional items (cash expended)	(300)	(1,436)
Depreciation charges	8,720	9,086
Amortisation of players' registrations	35,481	24,252
Amortisation of goodwill	35,258	34,933
Profit/(loss) on disposal of tangible fixed assets	(81)	152
Grants released	(80)	(95)
Increase in stocks	(99)	(5)
(Increase)/decrease in debtors	(11,541)	1,348
Increase in creditors, provisions and deferred income	19,421	10,804
Net cash inflow from operating activities	88,195	87,594

The accompanying notes on pages 15 to 41 are an integral part of these financial statements.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008

1 Accounting policies

The financial statements have been prepared using the accounting policies described below which have been applied consistently across the Group throughout the year.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and have been drawn up to comply with applicable accounting standards in the United Kingdom and the Companies Act 1985.

Basis of consolidation

The accounts combine the results of Red Football Joint Venture Limited and all its subsidiary undertakings using acquisition accounting. Subsidiary undertakings are those undertakings that Red Football Joint Venture Limited exerts control over. Undertakings, other than subsidiary undertakings in which the Group has an investment of at least 20% of the shares, and over which it exerts significant influence, are treated as associates. Entities in which the Group holds an interest on a long-term basis, and which are jointly controlled by the Group and other parties, are treated as joint ventures. The results for the joint venture and associate are based upon management accounts up to the date of disposal/acquisition. Inter-company transactions, balances and unrealised gains/losses on transactions between Group companies are eliminated.

Joint venture

The Group profit and loss account includes the Group's share of turnover, operating loss and interest charges of the joint venture. The investment in the joint venture is shown in the Group balance sheet using the gross equity method. The gross equity method records the Group's share of the gross assets and gross liabilities in its joint venture.

True and fair override

The group has adopted a true and fair override of Companies Act requirements, as permitted by FRS 2, in relation to the acquisition of 33.3% of MUTV Limited by recognising each step of the 'acquisition' separately for acquisition accounting purposes. This gives rise to an adjustment to the initial investment to fair value through the creation of a revaluation reserve of £2.463 million. Had this been accounted for under Companies Act requirements a further £2.607 million of goodwill would have been recognised on acquisition.

Associates

The Group profit and loss account includes the Group's share of the operating result and interest charges of the associate. The investments in the associate are shown in the Group balance sheet using the equity method. The equity method records the Group's share of the underlying net assets of the associate.

Goodwill

On the acquisition of a subsidiary undertaking, fair values are attributed to the net assets acquired. Goodwill, which represents the difference between the purchase consideration and the fair value of net assets acquired is capitalised and amortised through the profit and loss account on a straight-line basis over its estimated useful economic of 15 years.

Estimated useful economic life is determined after taking into account such factors as the nature and age of the business, the strength of the underlying brands and the stability of the industry in which the acquired business operates, as well as the typical life span of the acquired products to which the goodwill attaches.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

Goodwill (continued)

Goodwill acquired is subject to an impairment review at the end of the first year following an acquisition, and at any other time if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents income receivable from the Group's principal activities excluding transfer fees and value added tax. Turnover is analysed between Match Day, Media and Commercial.

Match Day

Match Day turnover comprises income receivable from all match day activities from Manchester United games at Old Trafford, together with our share of gate receipts from cup matches not played at Old Trafford and fees receivable for the team undertaking pre-season tours and for arranging other events at the Old Trafford stadium. The share of gate receipts payable to the other participating club and competition organiser for domestic cup matches played at Old Trafford is treated as an operating expense.

Media

Media turnover represents income receivable from all UK and overseas media contracts, including contracts negotiated centrally by the FA Premier League and UEFA. In addition, media turnover includes income received by the exploitation of Manchester United media rights through the internet or wireless applications.

Premier League Merit awards are only recognised when they are known at the end of the football season. UEFA pool distributions relating to participation in the Champions League are spread over the matches played in the competition whilst distributions relating to team performance are recognised to the extent they are certain.

Commercial

Commercial turnover comprises income receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed income, together with amounts receivable for the use of the conference and catering facilities at the Old Trafford stadium on non-match days. Any additional income receivable over and above the minimum guaranteed income contained in the sponsorship and licensing agreements is taken to turnover when it is probable that the amounts will not be recouped by the sponsor in the future years. Commercial revenue is recognised on a contractual basis, when it is considered that the contractual basis fairly reflects the level of activity and benefits of the contract.

Deferred income

Income from match day activities, media and commercial contracts, which has been received prior to the period end in respect of future football seasons, is treated as deferred income.

Tangible Fixed Assets and Investment Properties

Tangible fixed assets are stated at cost less depreciation. Costs include only those costs directly attributable to bring the asset into working condition for its intended use.

Depreciation is provided on tangible fixed assets at annual rates appropriate to the estimated useful economic lives of the assets, as follows:

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

Tangible Fixed Assets and Investment Properties (continued)

	Reducing balance	Straight line
Freehold land	Nil	Nil
Freehold buildings	1.33%	75 years
Assets in the course of construction	Nil	Nil
Computer equipment and software	33%	3 years
Plant and machinery	20%-25%	4-5 years
General fixtures and fittings	15%	7 years

Tangible fixed assets acquired prior to and including 31 July 1999 are depreciated on a reducing balance basis at the rates stated above. Tangible fixed assets acquired on or after 1 August 1999 are depreciated on a straight line basis at the rates stated above.

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of a professional revaluation undertaken every five years.

For those investment properties purchased in May 2005 and June 2008 however, the purchase price has been used to approximate their open market value as at 30 June 2008, as the next external revaluation of all investment properties will take place on 30 June 2010, five years on from the original valuation performed on the first property purchased in 1999.

The directors consider that the carrying value of the investment properties fairly reflects the market value at the balance sheet date, based on internal annual assessments undertaken by an employee of the Manchester United Limited group holding a recognised professional qualification.

Depreciation is not provided for on investment properties. This treatment, as regards certain of the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation and amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been cannot be separately identified or quantified.

Stocks

Stocks comprising raw materials, consumables and goods held for resale are valued at the lower of cost and net realisable value.

Intangible fixed assets – players' registrations

The costs associated with the acquisition of players' registrations are capitalised at cost as intangible fixed assets. Costs include transfer fees, FAPL levy fees, agents fees and other directly attributable costs. These costs are fully amortised over the period covered by the player's initial contract.

Where a playing contract is extended, any costs associated with securing the extension are added to the unamortised balance (at the date of the amendment) and the revised book value is amortised over the remaining revised contract life.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

Intangible fixed assets – players' registrations (continued)

Where a part of the consideration payable on acquiring a players' registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur and is amortised from the start of the year in which the contingent payment becomes probable. The total amount which is currently considered possible but not probable is disclosed in note 26b.

Where a sale transaction for a players' registration is in progress at the balance sheet date but completed by the date the accounts are approved and the amount of net proceeds is less than the carrying value of that registration, a provision for the loss on disposal is included in the financial statements, within the disposal of players category in the profit and loss account. An assessment is also made of directly attributable disposal costs and related onerous contract costs, such amounts are provided and included within the disposal of players category in the profit and loss account.

Proceeds from the temporary transfer of players' registrations to other clubs are offset against their respective staff costs.

Signing-on fees

Staff costs include signing-on fees payable to players representing part of their remuneration which are charged to the profit and loss account evenly over the period covered by the player's contract.

Grants

Grants receivable from the Football Trust and the former Football Grounds Improvement Trust in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred grant income in the balance sheet represents total grants received less amounts credited to the profit and loss account.

Taxation

Corporation tax payable is provided on taxable profit at the current tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities held at the year end are translated at year-end exchange rates, or the exchange rate of a related forward exchange contract where appropriate. The resulting exchange gain or loss is dealt with through taken to the profit and loss account.

Provisions

Provision is made for the anticipated net costs of onerous leases on non-trading properties. The provision will be represented by the payment of costs, shortfalls on sub-tenanted property and expenses of early termination.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

Investments

Investments in subsidiary undertakings in the Company balance sheet are included at cost less any provision for impairment in value.

Financial instruments

The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. Derivative instruments utilised by the Group include forward currency contracts and interest rate swaps. The impact on profit is deferred until the underlying transaction is recognised in the profit and loss account.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Any premiums received at the inception of the lease are recognised on a straight-line basis over the life of the lease.

Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the lease term. Any lease incentives given are recognised on a straight-line basis over the life of the lease.

Pension costs

Contributions to money purchase pension schemes are charged to the profit and loss account as they fall due.

Bank loans and payment in kind loan

Bank loans and the payment in kind loan are stated at the amount repayable at the balance sheet date, net of directly attributable issue costs which are amortised over the estimated useful life of the relevant loans. The amount repayable on the payment in kind loan represents the accreted amount at the balance sheet date, being the initial loan or issue proceeds plus accrued discount plus rolled-up interest.

2 Group turnover

Turnover, all of which arises from the Group's principal activity, can be analysed into its main components as follows:

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Match Day	101,468	92,562
Media	90,723	61,484
Commercial	64,048	56,035
	256,239	210,081

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

2 Group turnover (continued)

Turnover, all of which originates in the United Kingdom, can be analysed by destination as follows:

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
United Kingdom	252,887	208,285
Rest of world	3,352	1,796
	256,239	210,081

Broadcasting rights income from European cup competitions is distributed by the Football Association and is therefore classified as being of United Kingdom origin and destination.

The Group's activities are managed as one business and, as such, the operating expenses above are not separately identifiable to any particular segment. As a result, no segmental analysis of operating performance or net assets is provided.

3 Operating expenses - other

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Operations excluding player amortisation and trading:		
Staff costs (note 6)	121,080	92,310
Depreciation – owned assets	8,720	9,086
Amortisation of goodwill (note 9)	35,258	34,933
Operating lease costs - land and buildings	424	360
Other operating charges	54,143	40,048
Auditors' remuneration: audit services	128	79
Auditors' remuneration: non-audit services	681	666
Exchange gains on retranslation	(931)	(265)
Grants released (note 20)	(80)	(95)
(Profit)/loss on disposal of tangible fixed assets	(81)	152
	219,342	177,274
Player amortisation:		
Amortisation of players' registrations	35,481	24,252
	254,823	201,526
Auditors' remuneration for non-audit services comprised:		
Taxation advice	444	666
Corporate finance advice	237	-
	681	666

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

3 Operating expenses - other

Company	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Auditors' remuneration: audit services	5	5
Auditors' remuneration: non-audit services	-	-
	5	5

4 Operating expenses – exceptional items

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Termination payments to former directors	490	1,436

Included within the above are compensation payments amounting to £200,000 (2007: £962,000).

5 Net interest payable

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Interest payable on bank loans and overdrafts	(45,361)	(42,463)
Interest payable on payment in kind loan ('PIK loan')	(23,035)	(37,941)
Amortisation of debt issue costs on senior facilities and PIK loan	(1,408)	(1,224)
Group interest and similar charges payable	(69,804)	(81,628)
Share of joint venture interest payable	(116)	(268)
Total interest and similar charges payable	(69,920)	(81,896)
Total interest receivable	1,081	715
Net interest payable and similar items	(68,839)	(81,181)

6 Staff costs

	Group		Company	
	Year ended 30 June 2008 Number	Year ended 30 June 2007 Number	Year ended 30 June 2008 Number	Year ended 30 June 2007 Number
By activity:				
Players	68	63	-	-
Ground staff	107	94	-	-
Ticket office and membership	82	48	-	-
Catering	71	74	-	-
Administration and other	216	170	-	-
Average monthly number of employees	544	449	-	-

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

6 Staff costs (continued)

The Group also employs approximately 1,704 temporary staff (2007: 1,534).

Particulars of employee costs are as shown below:

	Group		Company	
	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Wages and salaries	94,502	73,641	-	-
Bonuses	13,369	8,633	-	-
Social security costs	12,116	9,101	-	-
Other pension costs (note 29)	1,093	935	-	-
	121,080	92,310	-	-

No directors received any emoluments in respect of services for the Company during the year (2007: none).

7 Taxation

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Current tax		
Foreign tax suffered	15	-
Adjustment in respect of previous years	-	(526)
Total current tax	15	(526)
Deferred tax		
Origination and reversal of timing differences (note 19a)	(1,793)	(2,287)
Adjustment in respect of previous years	(36)	(1,606)
Total deferred tax	(1,829)	(3,893)
Tax on loss on ordinary activities	(1,814)	(4,419)

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

7 Taxation (continued)

The tax rate for the period is higher (2007: higher) than that resulting from applying the standard rate of corporation tax in the UK of 29.5% (2007: 30%). A reconciliation of current tax is shown below:

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Loss on ordinary activities before tax	(44,780)	(62,575)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 29.5% (2007: 30%)	(13,210)	(18,772)
Effects of:		
- Adjustment to tax in respect of previous years	-	(526)
- Expenses not deductible for tax purposes	602	480
- Goodwill amortisation	10,401	10,480
- Capital allowances and other timing differences	1,793	2,287
- Foreign tax suffered	15	-
- Change in rate of deferred tax	116	-
- Deferred tax asset not recognised	298	5,525
Total current tax	15	(526)

8 Profits of holding company

The directors have taken advantage of the exemption available under Section 230 of the Companies Act 1985 and have not presented a profit and loss account for the company alone. The Company's loss for the year was £16,457,000 (2007: £32,303,000).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

9 Intangible assets – goodwill

Group	Total £'000
Cost	
At 1 July 2007	525,600
Additions (note 13)	5,222
At 30 June 2008	530,822
Accumulated amortisation	
At 1 July 2007	74,111
Charge for the year	35,258
At 30 June 2008	109,369
Net book amount	
At 30 June 2008	421,453
At 30 June 2007	451,489

The Company has no intangible fixed assets relating to goodwill (2007: £nil).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

10 Intangible assets – players' registrations

Group	Total £'000
Cost	
At 1 July 2007	207,896
Additions	14,338
Disposals	(20,822)
At 30 June 2008	201,412
Accumulated amortisation	
At 1 July 2007	84,805
Charge for the year	35,481
Provision for loss on disposal	3,448
Disposals	(15,061)
At 30 June 2008	108,673
Net book amount	
At 30 June 2008	92,739
At 30 June 2007	123,091

The Company had no intangible fixed assets relating to player registrations (2007: £nil).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

11 Tangible assets

Group

	Investment property	Freehold property	Plant and machinery	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2007	-	251,208	27,874	15,499	294,581
On acquisition of subsidiary undertaking	-	-	598	-	598
Additions	11,588	1,557	2,596	1,309	17,050
Disposals	-	(32)	(615)	(499)	(1,146)
Transfers	174	(174)	-	-	-
At 30 June 2008	11,762	252,559	30,453	16,309	311,083
Accumulated depreciation					
At 1 July 2007	-	14,447	18,088	10,088	42,623
Charge for the year	-	3,304	4,264	1,152	8,720
Disposals	-	-	(545)	(499)	(1,044)
At 30 June 2008	-	17,751	21,807	10,741	50,299
Net book amount					
At 30 June 2008	11,762	234,808	8,646	5,568	260,784
At 30 June 2007	-	236,761	9,786	5,411	251,958

The Company has no tangible fixed assets (2007: £nil).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

12 Investments

Group

	Associated Undertakings	Joint Venture	Total
	£'000	£'000	£'000
Cost			
At 1 July 2007	281	-	281
Share of profit/(loss) retained	91	(114) ⁽¹⁾	(23)
Disposals	(372) ⁽²⁾	-	(372)
Transfer to provision for liabilities and charges (note 19c)	-	114	114
At 30 June 2008	-	-	-
Net book amount at 30 June 2008	-	-	-
Net book amount at 30 June 2007	281	-	281

Company

	Subsidiary Undertakings	Total
	£'000	£'000
Cost and net book amount		
At 1 July 2007 and 30 June 2008	547,139	547,139

⁽¹⁾ In accordance with FRS 9, 'Joint Ventures and Associates', the Group's share of losses from its investment in the joint venture (MUTV) of £114,000 has been calculated by reference to the proportion of ordinary shares it owns. The Group's cash investment is limited to £1 million and is provided by way of a loan to the joint venture company, made by 31 July 2000 which has been fully provided for. A further 33% investment was acquired during the year (note 13).

⁽²⁾ On 24 April 2008 the company disposed of its investment in its associated undertaking, Timecreate Limited for a cash consideration of £1,581,000 resulting in a profit on disposal of £1,209,000.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

12 Investments (continued)

The following companies are the principal subsidiary undertakings, joint venture and associated undertaking of the Group at 30 June 2008:

Subsidiaries	Country of incorporation and operation	Principal activity	Description of share classes owned
			100% Ordinary
* Red Football Limited	England and Wales	Holding company	100% Ordinary
Red Football Junior Limited	England and Wales	Holding company	100% Ordinary
Manchester United Limited	England and Wales	Holding company	100% Ordinary
Manchester United Football Club Limited	England and Wales	Professional football club	100% Ordinary
Manchester United Interactive Limited	England and Wales	Media company	100% Ordinary
Manchester United Commercial Enterprises (Ireland) Limited	Ireland	Property investment	100% Ordinary
Alderley Urban Investments Limited	England and Wales	Property investment	100% Ordinary
MUTV Limited	England and Wales	Subscription TV channel	66.7% Ordinary

* Direct investment of Red Football Joint Venture Limited, others are held by subsidiary undertakings.

The directors believe that the net book value of investments is supported by their underlying net assets.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

13 Acquisition of subsidiary undertaking

On 16 November 2007, Manchester United Limited increased its stake in its joint venture undertaking, MUTV Limited, to 66.7% by acquiring a further 33.3% of the ordinary share capital for a total consideration, including associated costs of £2,615,000. On the same date, Manchester United Limited also paid £0.75m for loan stock with a nominal value of £5m.

	£'000
Book value	
Tangible fixed assets	598
Stocks	5
Debtors	1,617
Cash	113
Creditors – amounts falling due within one year	(6,542)
Borrowings	(11,000)
Total net liabilities at book value	(15,209)
Fair value adjustment to reflect the fair value of borrowings and associated interest acquired	7,388
Fair value of net liabilities	(7,821)
33% net liabilities acquired at fair value	(2,607)
Fair value of consideration	
Total consideration – cash paid during the period including directly attributable professional fees	2,615
Goodwill arising (note 9)	5,222

MUTV Limited contributed £220,000 to the Group's net operating cash flows, paid £nil in respect of interest, £nil in respect of taxation and incurred £65,000 for capital expenditure. In its last financial period, 9 months to 30 June 2007, MUTV Limited made a loss after tax of £1,432,000. For period to 16 November 2007 MUTV Limited made a loss for the period of £342,000, of which Manchester United Limited's share of this was £114,000. For the period since acquisition MUTV's financial statements show:

	£'000
Turnover	4,159
Operating loss	(197)
Interest payable	(564)
Loss before tax	(761)
Taxation	-
Loss for the period	(761)

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

14 Stock

Group

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Raw materials and consumables	40	34
Goods held for resale	243	145
	283	179

The company had no stock (2007: £nil).

15 Debtors

Group

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Amounts falling due within one year		
Trade debtors	28,431	13,344
Other debtors	1,145	868
Prepayments and accrued income	12,911	9,205
	42,487	23,417
Amounts falling due after more than one year		
Trade debtors	10,460	2,100
Other debtors	-	150
	10,460	2,250
	52,947	25,667

Group trade debtors include transfer fees receivable from other football clubs of £25,816,000 (2007: £11,515,000), excluding value added tax, of which £10,460,000 (2007: £2,100,000) is receivable after more than one year.

The company has no debtors (2007: £nil).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

16 Creditors – amounts falling due within one year

	Group		Company	
	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Borrowings and associated costs (note 18)	6,757	3,537	(308)	(308)
Trade creditors	31,520	41,811	-	-
Corporation tax	1,749	1,939	-	-
Amounts due to subsidiary undertakings	-	-	220,572	227,408
Amounts due to parent undertaking	3,239	3,239	3,239	3,239
Social security and other taxes	12,946	8,551	-	-
Other creditors – pensions	108	182	-	-
Accruals	19,106	25,681	-	-
	75,425	84,940	223,503	230,339

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £21,752,000 (2007: £37,133,000).

Amounts due to parent and subsidiary undertakings are unsecured, interest free, repayable on demand, and have no fixed dates of repayment (if applicable).

17 Creditors – amounts falling due after more than one year

	Group		Company	
	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Borrowings and associated costs (note 18)	511,630	510,700	-	-
Payment in kind (note 18)	175,787	152,494	175,787	152,494
Other borrowings (note 18)	5,000	-	-	-
Trade creditors	2,634	19,047	-	-
Other creditors – pensions	515	618	-	-
	695,566	682,859	175,787	152,494

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £2,634,000 (2007: £19,047,000).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

18 Borrowings

	Group		Company	
	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Secured bank loans	518,695	514,545	-	-
Secured payment in kind loan	175,479	152,186	175,479	152,186
Other borrowings	5,000	-	-	-
	699,174	666,731	175,479	152,186
Maturity of financial liabilities:				
Less than one year	6,757	3,537	(308)	(308)
In more than one year but not more than two years	9,843	6,555	(308)	(308)
In more than two years but not more than five years	49,942	36,764	(925)	(925)
In more than five years	632,632	619,875	177,020	153,727
	699,174	666,731	175,479	152,186

	Group		Company	
	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Analysis of changes in borrowings:				
At 1 July 2007	666,731	603,895	152,186	332,895
On acquisition of subsidiary undertaking	5,000	-	-	-
New borrowings	47,393	682,728	23,293	160,183
Repayment of borrowings	(19,950)	(619,892)	-	(340,892)
At 30 June 2008	699,174	666,731	175,479	152,186

Included within group borrowings is £9,166,000 (2007: £10,574,000) of unamortised financing costs of the borrowings and payment in kind loan, of which £1,408,000 (2007: £1,408,000) is due within one year. The costs are being amortised over the term of the loans.

Included within company borrowings is £2,811,000 (2007: £3,119,000) of unamortised financing costs of the payment in kind loan, of which £308,000 (2007: £308,000) is due within one year. The costs are being amortised over the term of the loan (note 17).

Secured bank loans of £518,695,000 (2007: £514,545,000) comprise of:

a) £510,695,000 of senior facilities drawn down by Red Football Limited, a subsidiary Company by way of four term loans that attract interest based on LIBOR plus a margin which ranges between 2.125% and 5.00%.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

18 Borrowings (continued)

In addition to the term loans is an un-drawn revolving credit facility of £50 million which has a 7 year term from the 16 August 2006. Two subsidiary undertakings of Red Football Limited, Manchester United Limited and Manchester United Football Club Limited, were also parties to the Senior Facilities Agreement dated 16 August 2006 as borrowers under the Revolving Credit Facility and guarantors for the facilities borrowed by Red Football Limited.

Manchester United Limited and Manchester United Football Club Limited have provided security for £567 million of the senior facilities by way of first fixed and floating charges over their assets and undertakings.

The senior facilities have terms between 7 and 10 years from the date of the 16 August 2006, and the term loans have an average life of 8.1 years at the balance sheet date. Term loan A accrued interest at Libor + 2.125% and amortises over its term with a final re-payment in June 2013. Term loan B accrues interest at Libor + 2.5% and is repayable in two equal instalments in February 2014 and August 2014. Term loan C accrues interest at Libor + 2.75% and is repayable in two equal instalments in February 2015 and August 2015. Term loan D accrues interest at Libor + 5.0% and is repayable in one instalment in August 2016. The above loans are redeemable at par.

b) £8,000,000 bank loan within Alderley Urban Investments Limited, a subsidiary of Manchester United Limited that attracts interest of Libor + 1%. £3,801,000 is repayable in quarterly instalments from October 2008 to July 2018, with the remaining balance of £4,199,000 being re-payable at par on 9 July 2018. The loan is secured by way of a first legal charge over the group investment property, Manchester International Freight Terminal.

The loan stock of £5,000,000 is unsecured and is issued to the minority shareholder of MUTV (a subsidiary of Manchester United Limited). The loan stock accrues interest at Libor + 1% to 1.5% and was repayable at par in 2007, subject to the availability of free cash flows. It is currently estimated that the loan will be repaid within 2 to 5 years, based on current projections.

The secured payment in kind loan represents a principal facility of £138 million entered into by the Company on 16 August 2006 and has a term of 11 years from that date. Interest accrues at a fixed rate of 14.25% per annum and may be added to the principal. At 30 June 2008 interest accrued amounted to £40,291,000 (2007: £14,186,000). The Payment in kind loan is secured against the shares of Red Football Limited.

19 Provision for liabilities and charges

(a) Deferred taxation

The provision for deferred taxation comprises:

Group	30 June 2008 £'000	30 June 2007 £'000
Accelerated capital allowances	888	2,932
Short term timing differences	(537)	(752)
	351	2,180

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

19 Provision for liabilities and charges

(a) Deferred taxation (continued)

The movements in deferred tax balances during the period were as follows:

Group	£'000
At 1 July 2007	2,180
Amount credited to profit and loss account (note 7)	(1,829)
At 30 June 2008	351

The Group has an unrecognised deferred tax asset of £28.2 million (2007: £27.9 million) arising from trading losses which has not been recognised as it is not considered likely that the asset could be realised in the foreseeable future.

Factors that may affect future tax charges

Based on current capital investment plans, the group expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

During the year, as a result of the change in UK Corporation Tax rates which were effective from 1 April 2008, deferred tax balances have been re measured.

There is no deferred tax balance in the company (2007: £nil).

(b) Other provisions

The movements in other provisions for the onerous lease were as follows:

Group	2008 £'000	2007 £'000
At 1 July	1,411	1,795
Utilised	(317)	(384)
Movements on foreign exchange	241	-
At 30 June	1,335	1,411

The provision relates to a lease of land and buildings that may be terminated in 2015.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

19 Provision for liabilities and charges (continued)

(c) Investment in joint venture

The movements in the share of gross assets less the share of gross liabilities in the joint venture were as follows:

Group	2008 £'000	2007 £'000
At 1 July	4,622	4,411
Loss for the financial year transferred from fixed asset investments (note 12)	114	560
Share of reserves invested by joint venture partners	-	(349)
Acquisition of joint venture (note 13)	(4,736)	-
At 30 June	-	4,622

20 Deferred grant income

The movement in deferred grant income during the period was as follows:

Group	2008 £'000	2007 £'000
At 1 July	528	623
Grants released to the profit and loss account	(80)	(95)
At 30 June	448	528

There is no deferred grant income in the Company (2007: £nil).

21 Other deferred income

Other deferred income comprises the following amounts received in respect of future football seasons:

Group	2008 £'000	2007 £'000
Match day activities	58,520	50,027
Commercial contracts	13,456	11,764
	71,976	61,791

There are no deferred income balances in the Company (2007: £nil).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

22 Share capital

Group and Company

	2008 £	2007 £
Authorised:		
1,000,000 ordinary shares of £0.0001 each	100	100
Allotted, called up and fully paid:		
988,183 ordinary shares of £0.0001 each	99	99

23 Reserves

Group

	Share premium reserve £'000	Revaluation reserve £'000	Other reserve £'000	Profit and loss reserve £'000
At 1 July 2007	269,336	-	566	(193,439)
Loss for the financial year	-	-	-	(42,712)
Exchange losses on overseas subsidiary	-	-	-	(169)
Transfer on acquisition of previously held joint venture	-	-	-	(334)
Revaluation reserve on acquisition of subsidiary undertaking	-	2,463	-	-
At 30 June 2008	269,336	2,463	566	(236,654)

Company

	Share premium reserve £'000	Profit and loss reserve £'000
At 1 July 2007	269,336	(105,030)
Loss for the financial year	-	(16,457)
At 30 June 2008	269,336	(121,487)

Under the terms of certain lotteries, past donations of £nil (2007: £946,704) received by a Group Company, and included within the profit and loss account balance, are not available for distribution (and bank balances are restricted accordingly) until such monies have been expended within the terms of those lotteries on capital programmes relating to the provision of facilities for youth development or spectators at the Old Trafford football stadium. All past donations, including £946,704 (2007: £nil) expended in the year, having been so applied, are distributable.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

24 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Loss for the financial year	(42,712)	(58,156)	(16,457)	(32,303)
Transfer on acquisition of previously held joint venture	(334)	-	-	-
Revaluation reserve on acquisition of subsidiary undertaking	2,463	-	-	-
Exchange losses on overseas subsidiary	(169)	-	-	-
Share of reserves invested by joint venture partners	-	349	-	-
Net reduction to equity shareholders' funds	(40,752)	(57,807)	(16,457)	(32,303)
Opening shareholders' funds	76,463	134,270	164,306	196,609
Closing shareholders' funds	35,711	76,463	147,849	164,306

25 Reconciliation of net cash (outflow)/inflow to movement in net debt

Group

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
(Decrease)/increase in cash in the period	(12,384)	56,100
On acquisition of subsidiary undertaking	(5,000)	-
Cash inflow from increase in borrowings	(47,393)	(36,310)
Other non-cash items	19,950	(26,526)
Movement in net debt	(44,827)	(6,736)
Opening net debt	(604,602)	(597,866)
Closing net debt	(649,429)	(604,602)

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

26 Analysis of changes in net debt

	At 30 June 2007	Cash flows	Acquisition	Non-cash movements	At 30 June 2008
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	62,129	(12,384)	-	-	49,745
Debt due within one year	(3,845)	4,735	-	(7,647)	(6,757)
Debt due after more than one year	(662,886)	(7,785)	(5,000)	(16,746)	(692,417)
	(604,602)	(15,434)	(5,000)	(24,393)	(649,429)

Non-cash changes comprise amortisation of issue costs relating to the senior facilities and payment in kind loan, and the roll-up of accrued interest.

27 Lease commitments

At 30 June 2008 the Group had annual commitments under non-cancellable operating leases expiring as follows:

	30 June 2008 Land and buildings £'000	30 June 2007 Land and buildings £'000
Leases expiring:		
- after five years	741	356

28 Commitments and contingent liabilities

(a) Capital commitments

At 30 June 2008, capital commitments were:

	Group		Company	
	30 June 2008 £'000	30 June 2007 £'000	30 June 2008 £'000	30 June 2007 £'000
Contracted but not provided for	-	-	-	-

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

28 Commitments and contingent liabilities (continued)

(b) Transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Group if certain conditions are met. The maximum that could be payable is £14,800,000 (2007: £20,697,000).

At 30 June 2008 the potential amount payable by type of condition and category of player was:

	First team squad	Other	Total
	£'000	£'000	£'000
Type of condition			
MUFC appearances/new contract	4,650	7,785	12,435
International appearances	1,000	1,365	2,365
	5,650	9,150	14,800

(c) Derivative contracts

At 30 June 2008, Group companies had entered in to derivative contracts for both foreign currency and interest rate swaps. The amounts committed to as at 30 June 2008 are as follows:

Foreign currency derivative contracts:

Currency	Value (£'000)	Average Rate
Euro	37,009	1.2658

Interest rate swaps:

Value (£'000)	Rate received	Rate paid	Expiry date
450,000	1 month Libor	6 month Libor + 0.2%	31 December 2008
450,000	6 month Libor	Fixed 5.0075%	31 December 2013
8,000	3 month Libor	Fixed 5.25%	7 April 2011
8,000	3 month Libor	Fixed 6.1%	9 July 2018

29 Pensions

(a) Defined benefit scheme

Certain employees of the Group are members of The Football League Limited Pension and Life Assurance Scheme ("the Scheme"). Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit.

As one of a number of participating employers, the Group is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme. The Group is advised only of its share of the deficit in the Scheme and the contributions required to make good the deficit. A cumulative amount of £2,424,000 has been charged to the

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

29 Pensions (continued)

(a) Defined benefit scheme (continued)

profit and loss account in full in prior periods as it is principally attributable to employees who have left the Group or retired.

The current deficit, based on the last actuarial valuation at 31 August 2005, is being paid off over a period of ten years from April 2006. The creditor as at June 2008 amounts to £108,000 (2007: £113,000) due within one year and £515,000 (2007: £618,000) due after more than one year. The next actuarial valuation is due to be carried out as at 31 August 2008.

(b) Defined contribution schemes

Contributions made to defined contribution pension arrangements are charged to the profit and loss account in the period in which they become payable and amounted to £ 1,093,000 (2007: £935,000).

The assets of all pension schemes to which the Group contributes are held separately from the Group in independently administered funds.

As at 30 June 2008, amounts accrued in relation to the defined contribution scheme amounted to £152,681 (2007: £46,346).

30 Related party transactions

E M Watkins was a director of a subsidiary undertaking, Manchester United Football Club Limited throughout the period. Legal fees of £374,886 were paid in the period (2007: £279,255), in the ordinary course of business, to Brabners Chaffe Street, a firm in which E M Watkins is the senior partner.

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Red Football Shareholder Limited, whose accounts are publicly available.

31 Post balance sheet events

The playing registrations of certain footballers have been disposed of, subsequent to the balance sheet date, for a total cost, net of associated proceeds of £1,627,000. The associated net book value was £3,448,000.

Subsequent to the balance sheet date, the playing registration of certain players was acquired for a total consideration, including associated costs, of £34,442,000.

32 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Red Football Shareholder Limited.

The ultimate parent undertaking and controlling party is Red Football Limited Partnership, a limited partnership formed in the state of Nevada, United States of America whose general partner is Red Football General Partner, Inc. a corporation formed in the State of Nevada, United States of America.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2008 (continued)

32 Ultimate parent undertaking and controlling party (continued)

Red Football Shareholder is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2008. The consolidated financial statements of Red Football Shareholder Limited can be obtained from the Company Secretary, Red Football Shareholder Limited, Old Trafford, Sir Matt Busby Way, Manchester, M16 0RA.

Red Football Shareholder is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 June 2008. The consolidated financial statements of Red Football Shareholder Limited can be obtained from the Company Secretary, Red Football Shareholder Limited, Old Trafford, Sir Matt Busby Way, Manchester, M16 0RA.