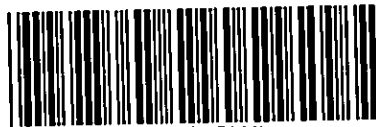


Red Football Joint Venture Limited
Annual Report and financial statements
for the year ended 30 June 2009

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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 2009

The directors present their report of the audited Group and Company financial statements for the year ended 30 June 2009.

Principal activity

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

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 12 to the financial statements.

Business review

Group turnover for the year was £278.5 million (2008: £256.2 million). Operating profit before depreciation and amortisation of intangible fixed assets for the year was £91.3 million (2008: £80.4 million). Profit before tax for the year was £21.6 million (2008: Loss of £44.8 million).

The Manchester United team maintained a very high level of performance on the pitch, winning the FA Premier League for the third consecutive season, winning the Carling Cup, and finishing runners up in the UEFA Champions League. In addition to this, the team were crowned World Club Champions.

During the year Old Trafford staged 34 Manchester United home games (including 6 UEFA Champions League, 5 domestic cup, 2 rugby matches, 1 friendly and the Ole Gunnar Solskjaer testimonial).

Manchester United secured a new shirt sponsorship deal during the year with AON who will become the new principal shirt sponsor and will succeed AIG from the commencement of the 2010/11 season. Manchester United also welcomes a number of significant new commercial partners, including PT Hutchison CP Telecommunications, Bharti Airtel Limited and Hublot SA as our official time keeping partner. In addition, we welcome back Audi as our car partner.

At 30 June 2009 the Group had net debt of £566.1 million (2008: 649.4 million) and had net cash inflows from operating activities in the year of £111.2 million (2008: £88.2 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

Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2009 (continued)

Summary of key performance indicators for 2008/09

Description	Target	Achieved	Detail
Team performance	Minimum third place finish in the FA Premier League	Y	FAPL winners
	Last 16 of the UEFA Champions League	Y	UEFA Champions league runners up
	Last 8 of domestic cup competitions	Y	FA Cup semi-finalists Carling Cup winners
EBITDA margin	≥30 percent	Y	33%
Wages/turnover	≤50 percent	Y	44%
Matchday income	Maximum achievable attendance at home FA Premier League and UEFA Champions League matches	Y	FA Premier League and UEFA Champions league home games sold out
Media income	Club owned media rights growth	Y	37% increase
Commercial income	Sponsorship income growth	Y	48% sponsorship growth (excl. kit and shirt sponsorship income)
CRM fan records	Customer base growth	Y	11% increase

Future developments and outlook for 2009/10

- Over 62,000 season tickets comprising both general admission seats and executive facilities were sold before the start of the 2009/10 season.
- The team qualified for the UEFA Champions League for the 14th consecutive season by finishing 1st in the Premier League in 2008/09.
- 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.

Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2009 (continued)

Financial risk management (continued)

- **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 maintains a mixture of long-term and short-term debt finance in order to ensure 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.

Post balance sheet events

Details of significant events since the balance sheet date are contained in note 30 to the financial statements.

Dividends

An interim dividend was not paid during the year (2008: £nil). The directors do not recommend the payment of a final dividend (2008: £nil).

The profit after taxation and minority interest of £6.4 million (2008: Loss of £42.7 million) has been retained and transferred to reserves.

Directors

The directors who held office throughout the year (unless otherwise indicated) and at 30 June 2009 were as follows:

J Glazer (Chairman)

A Glazer

B Glazer

D Glazer

E Glazer

K Glazer

M Nusbaum

W Sondericker (Company Secretary)

Qualifying third party indemnity provisions

At the time the report was approved a qualifying third party indemnity provision made by the Group was in place for the directors of Red Football Shareholder Limited and its subsidiary companies.

Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2009 (continued)

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.

Charitable and political donations

Charitable donations during the year amounted to £380,161 (2008: £388,000). In line with Group policy, no donations were made for political purposes (2008: £nil).

The beneficiary of £355,161 (2008: £363,000) 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 year, a £25,000 (2008: £25,000) donation was made to the Hospice of Hope Romania Limited (2008: British Olympic Association). The 2009 donation was made specifically to their hospice in Belgrade, following on from a Charity game held there to commemorate 50 years of European football at the Club.

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.

Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2009 (continued)

Employment policies (continued)

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.

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, 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 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.

Red Football Joint Venture Limited

Directors' report for the financial year ended 30 June 2009 (continued)

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 s418 of the Companies Act 2006.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



J Glazer
Director

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

Company registered in England and Wales No. 05321166
30 September 2009

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 2009 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, the Consolidated cash flow from operating activities and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Red Football Joint Venture Limited

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

Matters on which we are required to report by exception

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

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

S.M. Walton

S M Walton (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Auditors
Manchester
30 September 2009

Red Football Joint Venture Limited

Consolidated profit and loss account

	Note	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Turnover: Group and share of joint venture		278,476	257,116
Less: Share of joint venture		-	(877)
Group turnover	2	278,476	256,239
Operating expenses – other	3	(268,289)	(254,823)
Operating expenses – exceptional items	4	(837)	(490)
Total operating expenses		(269,126)	(255,313)
Group operating profit		9,350	926
Analysed as:			
Group operating profit before depreciation and amortisation of players' registrations and goodwill		91,254	80,385
Depreciation		(8,875)	(8,720)
Amortisation of players' registrations		(37,641)	(35,481)
Amortisation of goodwill		(35,388)	(35,258)
		9,350	926
Share of operating profit in:			
- Joint Venture		-	2
- Associate		-	91
Total operating profit: Group and share of joint venture and associate		9,350	1,019
Profit on disposal of associate		-	1,209
Profit on disposal of players		80,724	21,831
Profit before interest and taxation		90,074	24,059
Net interest payable	5	(68,504)	(68,839)
Profit/(loss) on ordinary activities before taxation		21,570	(44,780)
Taxation	7	(15,229)	1,814
Profit/(loss) on ordinary activities after taxation		6,341	(42,966)
Equity minority interests		83	254
Profit/(loss) for the financial year	22	6,424	(42,712)

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 profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above and their historical cost equivalents.

The accompanying notes on pages 15 to 38 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 2009 £'000	Year ended 30 June 2008 £'000
Profit/(loss) for the financial year		
- Group	6,424	(42,689)
- Joint venture	-	(114)
- Associate	-	91
	6,424	(42,712)
- Exchange loss on revaluation of overseas subsidiary	(116)	(169)
- Transfer on acquisition of previously held joint venture	-	(334)
- Investment property revaluation deficit	(2,022)	-
Total recognised gains/(losses) in the year	4,286	(43,215)

Red Football Joint Venture Limited

Consolidated balance sheet

	Note	At 30 June 2009 £'000	At 30 June 2008 £'000
Fixed assets			
Intangible assets – goodwill	9	386,065	421,453
Intangible assets – players' registrations	10	113,406	92,739
Tangible assets	11	253,206	260,784
		752,677	774,976
Current assets			
Stock	13	279	283
Debtors – amounts falling due within one year	14	41,500	42,487
Debtors – amounts falling due after more than one year	14	12,650	10,460
Cash at bank and in hand		150,530	49,745
		204,959	102,975
Creditors – amounts falling due within one year	15	(77,651)	(75,425)
		127,308	27,550
Net current assets		127,308	27,550
Total assets less current liabilities		879,985	802,526
Creditors – amounts falling due after more than one year	16	(712,136)	(695,566)
Provision for liabilities and charges			
Deferred taxation	18a	(17,568)	(351)
Other provisions	18b	(1,091)	(1,335)
Accruals and deferred income			
Deferred grant income	19	(380)	(448)
Other deferred income	20	(111,757)	(71,976)
Net assets		37,053	32,850
Capital and reserves			
Called up share capital	21	-	-
Share premium reserve	22	269,336	269,336
Other reserves	22	1,007	3,029
Profit and loss reserve	22	(230,346)	(236,654)
Total shareholders' funds	23	39,997	35,711
Minority interests		(2,944)	(2,861)
Capital employed		37,053	32,850

The financial statements on pages 9 to 38 were approved by the board of directors on 30 September 2009 and signed on its behalf by:


J Glazer
 Director

The accompanying notes on pages 15 to 38 are an integral part of these financial statements.

Red Football Joint Venture Limited

Company balance sheet

	Note	At 30 June 2009 £'000	At 30 June 2008 £'000
Fixed assets			
Investments	12	547,139	547,139
Creditors – amounts falling due within one year	15	(216,052)	(223,503)
Net current liabilities		(216,052)	(223,503)
Total assets less current liabilities		331,087	323,636
Creditors – amounts falling due after more than one year	16	(202,402)	(175,787)
Net assets		128,685	147,849
Capital and reserves			
Called up share capital	21	-	-
Share premium reserve	22	269,336	269,336
Profit and loss reserve	22	(140,651)	(121,487)
Total shareholders' funds	23	128,685	147,849

The financial statements on pages 9 to 38 were approved by the board of directors on 30 September 2009 and signed on its behalf by:


J Glazer
Director

The accompanying notes on pages 15 to 38 are an integral part of these financial statements.

Red Football Joint Venture Limited

Consolidated cash flow statement

	Note	Year ended	
		30 June 2009	30 June 2008
		£'000	£'000
Net cash inflow from operating activities		111,186	88,195
Returns on investments and servicing of finance			
Interest received		1,260	1,011
Interest paid		(41,772)	(59,743)
Net cash outflow from returns on investments and servicing of finance		(40,512)	(58,732)
Taxation received/(paid)		236	(205)
Capital expenditure and financial investment			
Proceeds from sale of players' registrations		99,180	19,301
Purchase of players' registrations		(55,220)	(45,751)
Proceeds from sale of tangible fixed assets		28	183
Purchase of tangible fixed assets		(3,810)	(16,754)
Net cash inflow/(outflow) from capital expenditure and financial investment		40,178	(43,021)
Acquisitions and disposals			
Purchase of shares in subsidiary undertaking		-	(2,615)
Net cash acquired with subsidiary undertaking		-	113
Proceeds from sale of investment in associated company		-	1,581
Net cash outflow from acquisitions and disposals		-	(921)
Net cash inflow/(outflow) before use of liquid resources and financing		111,088	(14,684)
Financing			
Increase in borrowings		25,000	23,000
Repayment of borrowings		(35,303)	(19,950)
Purchase of loan stock		-	(750)
Net cash outflow/(inflow) from financing		(10,303)	2,300
Increase/(decrease) in net cash in the year	24	100,785	(12,384)

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 2009 £'000	Year ended 30 June 2008 £'000
Net cash generated from operating activities		
Group operating profit before exceptional items	10,187	1,416
Exceptional items (cash expended)	(190)	(300)
Depreciation charges	8,875	8,720
Amortisation of players' registrations	37,641	35,481
Amortisation of goodwill	35,388	35,258
Profit on disposal of tangible fixed assets	(23)	(81)
Grants released	(68)	(80)
Decrease/(increase) in stocks	4	(99)
Increase in debtors	(13,606)	(11,541)
Increase in creditors and deferred income	33,222	19,497
Decrease in provisions	(244)	(76)
Net cash inflow from operating activities	111,186	88,195

The operating cash flows include an outflow of £190,000 (2008: £300,000) which relates to the exceptional termination costs accounted for within the 2008 financial statements.

The accompanying notes on pages 15 to 38 are an integral part of these financial statements.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009

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 2006.

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 comparative Group profit and loss account includes the Group's share of turnover, operating loss and interest charges of the joint venture

True and fair override

In the year ended 30 June 2008, the Group 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 gave 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 comparative Group profit and loss account includes the Group's share of the operating result and interest charges 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 life 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 2009 (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 the Club's 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 2009 (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.

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

An external valuation is performed at least every five years. For investment properties purchased prior to May 2005 this will take place in the year to 30 June 2010, five years on from the previous valuation performed in 2005. The next external valuation for investment properties purchased in June 2008 will take place no later than June 2013.

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 2009 (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 date at which the contingent payment becomes probable. The total amount which is currently considered possible but not probable is disclosed in note 27b.

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.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

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 taken to the profit and loss account.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

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.

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 2009 £'000	Year ended 30 June 2008 £'000
Match Day	108,799	101,468
Media	99,735	90,723
Commercial	69,942	64,048
	278,476	256,239

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (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 2009 £'000	Year ended 30 June 2008 £'000
United Kingdom	272,021	252,887
Rest of world	6,455	3,352
	278,476	256,239

Media 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 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 2009 £'000	Year ended 30 June 2008 £'000
Operations excluding player amortisation and trading:		
Staff costs (note 6)	123,120	121,080
Depreciation – owned assets (note 11)	8,875	8,720
Amortisation of goodwill (note 9)	35,388	35,258
Operating lease costs - land and buildings	741	424
Operating lease costs - other	173	173
Other operating charges	61,841	53,970
Auditors' remuneration: audit services	136	128
Auditors' remuneration: non-audit services	528	681
Exchange gains on retranslation	(63)	(931)
Grants released (note 19)	(68)	(80)
Profit on disposal of tangible fixed assets	(23)	(81)
	230,648	219,342
Player amortisation:		
Amortisation of players' registrations (note 10)	37,641	35,481
	268,289	254,823
Auditors' remuneration for non-audit services comprised:		
Taxation advice	528	444
Corporate finance advice	-	237
	528	681

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

3 Operating expenses – other (continued)

Company	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Auditors' remuneration: audit services	-	5
Auditors' remuneration: non-audit services	-	-
	-	5

The cost of auditors' remuneration has been borne by one of the subsidiary companies.

4 Operating expenses – exceptional items

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Football League pension scheme deficit	837	-
Termination payments to former directors	-	490
	837	490

Included within the above are compensation payments amounting to £nil (2008: £200,000).

5 Net interest payable

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Interest payable on bank loans and overdrafts	(42,106)	(45,361)
Interest payable on payment in kind loan ('PIK loan')	(26,307)	(23,035)
Amortisation of debt issue costs on senior facilities and PIK loan	(1,408)	(1,408)
Group interest and similar charges payable	(69,821)	(69,804)
Share of joint venture interest payable	-	(116)
Total interest and similar charges payable	(69,821)	(69,920)
Total interest receivable	1,317	1,081
Net interest payable and similar items	(68,504)	(68,839)

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

6 Staff costs

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

Group	Year ended 30 June 2009 Number	Year ended 30 June 2008 Number
By activity:		
Players	62	68
Ground staff	110	107
Ticket office and membership	106	82
Catering	70	71
Administration and other	243	216
Average monthly number of employees	591	544

The Group also employs approximately 2,012 temporary staff (2008: 1,704).

Particulars of employee costs are as shown below:

	Group		Company	
	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Wages and salaries	109,567	107,871	-	-
Social security costs	12,325	12,116	-	-
Other pension costs	1,228	1,093	-	-
	123,120	121,080	-	-

No directors received any emoluments in respect of services for the Company during the year (2008: none).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

7 Taxation

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Current tax		
Foreign tax suffered	44	15
Adjustment in respect of previous years	(2,032)	-
Total current tax	(1,988)	15
Deferred tax		
Origination and reversal of timing differences (note 18a)	17,217	(1,793)
Adjustment in respect of previous years	-	(36)
Total deferred tax	17,217	(1,829)
Tax on profit/(loss) on ordinary activities	15,229	(1,814)

The tax rate for the period is lower (2008: higher) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 29.5%). A reconciliation of current tax is shown below:

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Profit/(loss) on ordinary activities before tax	21,570	(44,780)
Profit/(loss) on ordinary activities multiplied by the standard rate of 28% (2008: 29.5%)	6,040	(13,210)
Effects of:		
- Change in rate of deferred tax	-	116
- Adjustment to tax in respect of previous years	(2,032)	-
- Expenses not deductible for tax purposes	1,069	602
- Goodwill amortisation	9,909	10,401
- Foreign tax suffered	44	15
- Capital allowances, rolled over gain on player disposal and other timing differences	(17,217)	1,793
- Deferred tax asset not recognised	199	298
Total current tax	(1,988)	15

8 Profits of holding company

The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented a profit and loss account for the company alone. The Company's loss for the year was £19,164,000 (2008: £16,457,000).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

9 Intangible assets – goodwill

Group	Total £'000
Cost	
At 1 July 2008 and 30 June 2009	530,822
Accumulated amortisation	
At 1 July 2008	109,369
Charge for the year	35,388
At 30 June 2009	144,757
Net book amount	
At 30 June 2009	386,065
At 30 June 2008	421,453

The Company had no intangible fixed assets relating to goodwill (2008: £nil).

10 Intangible assets – players' registrations

Group	Total £'000
Cost	
At 1 July 2008	201,412
Additions	61,802
Disposals	(40,908)
At 30 June 2009	222,306
Accumulated amortisation	
At 1 July 2008	108,673
Charge for the year	37,641
Disposals	(37,414)
At 30 June 2009	108,900
Net book amount	
At 30 June 2009	113,406
At 30 June 2008	92,739

The Company had no intangible fixed assets relating to players' registrations (2008: £nil).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

11 Tangible assets

Group	Investment property £'000	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation					
At 1 July 2008	11,762	252,559	30,453	16,309	311,083
Additions	-	101	1,054	2,169	3,324
Revaluation	(2,022)	-	-	-	(2,022)
Disposals	-	-	(188)	(37)	(225)
Transfers	-	(425)	425	-	-
At 30 June 2009	9,740	252,235	31,744	18,441	312,160
Accumulated depreciation					
At 1 July 2008	-	17,751	21,807	10,741	50,299
Charge for the year	-	3,282	4,315	1,278	8,875
Disposals	-	-	(183)	(37)	(220)
At 30 June 2009	-	21,033	25,939	11,982	58,954
Net book amount					
At 30 June 2009	9,740	231,202	5,805	6,459	253,206
At 30 June 2008	11,762	234,808	8,646	5,568	260,784

The Company had no tangible fixed assets (2008: £nil).

Investment properties were valued on an open market existing use basis at 30 June 2009. The assessment was undertaken by an employee of Manchester United Limited group holding a recognised professional qualification. The change in market value of the investment property is expected to be temporary and has therefore been taken to the Consolidated statement of total recognised gains and losses.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

12 Investments

Company	Subsidiary Undertakings	Total
	£'000	£'000
Cost and net book amount		
At 1 July 2008 and 30 June 2009	547,139	547,139

The following companies are the principal subsidiary undertakings of the Group at 30 June 2009:

Subsidiaries	Country of incorporation and operation	Principal activity	Description of share classes owned
* 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 2009 (continued)

13 Stock

Group	30 June 2009 £'000	30 June 2008 £'000
Raw materials and consumables	37	40
Goods held for resale	242	243
	279	283

The Company had no stock (2008: £nil).

14 Debtors

Group	30 June 2009 £'000	30 June 2008 £'000
Amounts falling due within one year		
Trade debtors	26,230	28,431
Other debtors	1,689	1,145
Prepayments and accrued income	13,581	12,911
	41,500	42,487
Amounts falling due after more than one year		
Trade debtors	150	10,460
Other debtors	12,500	-
	12,650	10,460
Total debtors	54,150	52,947

Group trade debtors include transfer fees receivable from other football clubs of £10,293,000 (2008: £25,816,000), excluding value added tax, of which £150,000 (2008: £10,460,000) is receivable after more than one year.

Group other debtors include amounts due from the directors of £10,000,000 (2008: £nil), all of which is receivable after more than one year. Full details of these loans can be found in note 29a to the financial statements.

The company had no debtors (2008: £nil).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

15 Creditors – amounts falling due within one year

	Group		Company	
	30 June 2009 £'000	30 June 2008 £'000	30 June 2009 £'000	30 June 2008 £'000
Borrowings and associated costs (note 17)	9,843	6,757	(308)	(308)
Trade creditors	38,626	31,520	-	-
Corporation tax	2,500	1,749	-	-
Amounts due to subsidiary undertakings	-	-	213,121	220,572
Amounts due to parent undertaking	3,239	3,239	3,239	3,239
Social security and other taxes	6,510	12,946	-	-
Other creditors – pensions	167	108	-	-
Accruals	16,766	19,106	-	-
	77,651	75,425	216,052	223,503

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £28,942,000 (2008: £21,752,000).

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

16 Creditors – amounts falling due after more than one year

	Group		Company	
	30 June 2009 £'000	30 June 2008 £'000	30 June 2009 £'000	30 June 2008 £'000
Borrowings and associated costs (note 17)	499,649	511,630	-	-
Payment in kind (note 17)	202,094	175,787	202,402	175,787
Other borrowings (note 17)	5,000	5,000	-	-
Trade creditors	4,209	2,634	-	-
Other creditors – pensions	1,184	515	-	-
	712,136	695,566	202,402	175,787

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £4,209,000 (2008: £2,634,000).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

17 Borrowings

	Group		Company	
	30 June 2009 £'000	30 June 2008 £'000	30 June 2009 £'000	30 June 2008 £'000
Secured bank loans	509,492	518,695	-	-
Secured payment in kind loan	202,094	175,479	202,094	175,479
Other borrowings	5,000	5,000	-	-
	716,586	699,174	202,094	175,479
Maturity of financial liabilities:				
Less than one year	9,843	6,757	(308)	(308)
In more than one year but not more than two years	12,861	9,843	(308)	(308)
In more than two years but not more than five years	110,762	49,942	(925)	(925)
In more than five years	583,120	632,632	203,635	177,020
	716,586	699,174	202,094	175,479
Analysis of changes in borrowings:				
At 1 July 2008	699,174	666,731	175,479	152,186
Loan stock	-	5,000	-	-
New borrowings/PIK interest/ amortisation of debt issue costs	52,715	47,393	26,615	23,293
Repayment of borrowings	(35,303)	(19,950)	-	-
At 30 June 2009	716,586	699,174	202,094	175,479

Included within group borrowings is £7,758,000 (2008: £9,166,000) of unamortised financing costs of the borrowings, of which £1,408,000 (2008: £1,408,000) is due within one year. The costs are being amortised over the term of the loans.

Included within company borrowings is £2,504,000 (2008: £2,812,000) of unamortised financing costs of the payment in kind loan, of which £308,000 (2008: £308,000) is due within one year. The costs are being amortised over the term of the loan.

Secured bank loans of £509,492,000 (2008: £518,695,000) comprise of:

a) £501,707,000 of senior facilities (net of £5,254,000 of unamortised debt issue costs) 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%.

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.

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

17 Borrowings (continued)

Manchester United Limited and Manchester United Football Club Limited have provided security for £557 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 16 August 2006, and the term loans have an average life of 5.6 years at the balance sheet date. Term loan A accrues 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) £7,785,000 bank loan within Alderley Urban Investments Limited, a subsidiary of Manchester United Limited that attracts interest of Libor + 1%. £3,586,000 is repayable in quarterly instalments through 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 a 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 of £202,094,000 (net of £2,504,000 unamortised debt issue costs) 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 until August 2010 when it increases to 16.25% and may be added to the principal. At 30 June 2009 interest accrued amounted to £66,598,000 (2008: £40,291,000). The Payment in kind loan is secured against the shares of Red Football Limited.

18 Provision for liabilities and charges

(a) Deferred taxation

The provision for deferred taxation comprises:

Group	30 June 2009 £'000	30 June 2008 £'000
Accelerated capital allowances	(559)	888
Short term timing differences	(747)	(537)
Rolled over gain on player disposal	18,874	-
	17,568	351

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

18 Provision for liabilities and charges (continued)

(a) Deferred taxation (continued)

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

Group

	30 June 2009 £'000	30 June 2008 £'000
At 1 July 2008	351	2,180
Amount charged/(credited) to profit and loss account (note 7)	17,217	(1,829)
At 30 June 2009	17,568	351

The Group has an unrecognised deferred tax asset of £28.4 million (2008: £28.2 million) arising from 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.

There was no deferred tax balance in the company (2008: £nil).

(b) Other provisions

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

Group

	30 June 2009 £'000	30 June 2008 £'000
At 1 July 2008	1,335	1,411
Utilised	(691)	(317)
Charged	325	-
Movements on foreign exchange	122	241
At 30 June 2009	1,091	1,335

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 2009 (continued)

18 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	30 June 2009 £'000	30 June 2008 £'000
At 1 July 2008	-	4,622
Loss for the financial year transferred from fixed asset investments	-	114
Acquisition of joint venture	-	(4,736)
At 30 June 2009	-	-

19 Deferred grant income

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

Group	30 June 2009 £'000	30 June 2008 £'000
At 1 July 2008	448	528
Grants released to the profit and loss account	(68)	(80)
At 30 June 2009	380	448

There was no deferred grant income in the Company (2008: £nil).

20 Other deferred income

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

Group	30 June 2009 £'000	30 June 2008 £'000
Match Day activities	54,178	58,520
Commercial contracts	57,579	13,456
	111,757	71,976

There was no deferred income balance in the Company (2008: £nil).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

21 Share capital

Group and Company

	30 June 2009 £	30 June 2008 £
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

22 Reserves

Group	Share premium reserve £'000	Revaluation reserve £'000	Joint Venture acquisition reserve £'000	Other reserves £'000	Profit and loss reserve £'000
At 1 July 2008	269,336	-	2,463	566	(236,654)
Profit for the financial year	-	-	-	-	6,424
Exchange losses on overseas subsidiary	-	-	-	-	(116)
Investment property revaluation deficit	-	(2,022)	-	-	-
At 30 June 2009	269,336	(2,022)	2,463	566	(230,346)

Company	Share premium reserve £'000	Profit and loss reserve £'000
At 1 July 2008	269,336	(121,487)
Loss for the financial year	-	(19,164)
At 30 June 2009	269,336	(140,651)

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

23 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Profit/(loss) for the financial year	6,424	(42,712)	(19,164)	(16,457)
Transfer on acquisition of previously held joint venture	-	(334)	-	-
Revaluation reserve on acquisition of subsidiary undertaking	-	2,463	-	-
Exchange losses on overseas subsidiary	(116)	(169)	-	-
Investment revaluation deficit	(2,022)	-	-	-
Net increase/(reduction) to equity shareholders' funds	4,286	(40,752)	(19,164)	(16,457)
Opening shareholders' funds	35,711	76,463	147,849	164,306
Closing shareholders' funds	39,997	35,711	128,685	147,849

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

Group

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Increase/(decrease) in cash in the year	100,785	(12,384)
On acquisition of subsidiary undertaking	-	(5,000)
Cash inflow from increase in borrowings	(52,715)	(47,393)
Cash outflow from repayment of debt	35,303	19,950
Movement in net debt	83,373	(44,827)
Opening net debt	(649,429)	(604,602)
Closing net debt	(566,056)	(649,429)

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

25 Analysis of changes in net debt

	At 1 July 2008	Cash flows	Non-cash movements	At 30 June 2009
	£'000	£'000	£'000	£'000
Cash at bank and in hand	49,745	100,785	-	150,530
Debt due within one year	(6,757)	10,303	(13,389)	(9,843)
Debt due after more than one year	(692,417)	-	(14,326)	(706,743)
	(649,429)	111,088	(27,715)	(566,056)

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

26 Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	30 June 2009		30 June 2008	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Group				
Expiry date:				
-within one year	-	14	-	14
-between two and five years	258	159	258	159
-after five years	540	-	483	-
	798	173	741	173

27 Commitments and contingent liabilities

(a) Capital commitments

At 30 June 2009, Red Football Joint Venture Limited (Group and Company) did not have any capital commitments (2008: £nil).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

27 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 £11,141,000 (2008: £14,800,000).

At 30 June 2009 the potential amount payable by type of condition and category of player was:

	First team squad £'000	Other £'000	Total £'000
Type of condition			
MUFC appearances/new contract	7,516	2,590	10,106
International appearances	800	235	1,035
	8,316	2,825	11,141

(c) Derivative contracts

At 30 June 2009, Group companies had entered into derivative contracts for both foreign currency and interest rate swaps. The amounts committed to as at 30 June 2009 are as follows:

Foreign currency derivative contracts:

Currency	Principal Value (£'000)	Average Rate
Euro	7,588	1.275
US Dollar	5,182	1.447

Interest rate swaps:

Principal Value (£'000)	Rate received	Rate paid	Expiry date
450,000	6 month Libor	Fixed 5.0775%	31 December 2013
225,000	1 month libor + 0.52%	6 month libor	31 December 2009
150,000	1 month libor + 0.53%	6 month libor	31 December 2009
75,000	1 month libor + 0.50%	6 month libor	31 December 2009
*7,785 – 7,166	3 month libor	Fixed 5.25%	7 April 2011
*7,166 – 4,199	3 month libor	Fixed 6.1%	9 July 2018

* - The principal value of the swaps reduces in accordance with the loan repayment terms (note 17).

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

28 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 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 2008, is being paid off over a period of ten years from September 2009. The creditor as at 30 June 2009 amounts to £167,000 (2008: £108,000) due within one year and £1,184,000 (2008: £515,000) due after more than one year.

(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 £1,228,000 (2008: £1,093,000).

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 2009, amounts accrued in relation to the defined contribution scheme amounted to £184,586 (2008: £152,681).

29 Related party transactions

a) Directors' transactions

Included within other debtors due after more than one year are loan transactions made by the Group to the following directors:

Director	At 1 July 2008 £'000	New loans £'000	At 30 June 2009 £'000
A Glazer	-	1,667	1,667
B Glazer	-	1,667	1,667
D Glazer	-	1,667	1,667
E Glazer	-	1,667	1,667
J Glazer	-	1,666	1,666
K Glazer	-	1,666	1,666
	-	10,000	10,000

Red Football Joint Venture Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

29 Related party transactions (continued)

a) Directors' transactions (continued)

The above loans are not due for repayment for a period of at least five years from the date of issue. Interest was charged on the loans from the date of issue at 5.5% per annum. Interest charged during the year amounted to £233,110 (2008: £nil). The amounts above represent the maximum balances during year.

b) Other related party transactions

E M Watkins was a director of a subsidiary undertaking, Manchester United Football Club Limited throughout the period. Legal fees of £431,677 were incurred during the year (2008: £374,886), 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 (revised), '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.

30 Post balance sheet events

The playing registrations of certain footballers have been disposed of, subsequent to the balance sheet date, for a total proceeds, net of associated costs of £6,525,774. The associated net book value was £152,000.

Subsequent to the balance sheet date, the playing registrations of certain players were acquired for a total consideration, including associated costs, of £6,408,187.

31 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 Shareholder is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 30 June 2009. 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.