

Registration number: 00396956

Sheffield United Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2018



Sheffield United Limited

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Sheffield United Limited

Company Information

Directors	K C McCabe S R McCabe S C McCabe J J Tutton
Company secretary	Esplanade Secretarial Services Limited
Registered office	SUFC Bramall Lane Sheffield S2 4SU
Auditors	Mazars LLP Mazars House Gelder Road Gildersome Leeds LS27 7JN

Sheffield United Limited

Chairman's Statement

Sheffield United Ltd (SUL) which is controlled by the McCabe family has one of its principal activities via a 50% shareholding in Blades Leisure Limited (BLL), the other 50% being held by UTB LLC (UTB) a company controlled by HRH Prince Abdullah bin Mosaad bin Abdulaziz Al Saud of the Kingdom of Saudi Arabia (Prince Abdullah). SUL benefits from a 100% ownership of the Bramall Lane Stadium (and surrounding land) and Shirecliffe Academy. BLL holds 100% of The Sheffield United Football Club Limited (SUFC/Football Club) which in turn leases both the Stadium and the Academy directly from SUL for the purpose of training and playing competitive professional football in England.

During the year under review a dispute arose between the two shareholders of BLL. This concerns the circumstances in which UTB and SUL exercised Options to transfer the ownership of BLL under the terms of an Investment and Shareholders Agreement entered into between the parties in August 2013. The result is that until the Court adjudicates on the dispute BLL and therefore the Football Club continues to be controlled on an equal basis between the McCabe family and Prince Abdullah. This means all decisions have to be agreed by both owners of SUFC or otherwise the Club is left in deadlock.

In May 2018 there arose a second dispute as to how BLL was to be funded for the then forthcoming 2018/19 football season. SUL sought to have the issues resolved by the Court at a hearing on 21st June 2018. UTB objected to this application on the basis that (i) the Court did not have jurisdiction to make a ruling and (ii) the Football Club did not need any further funds at that stage. On 29th June 2018 Mr Justice Fancourt gave his ruling on these matters. I direct you to website <https://shepwedd.com/sul-shareholders> which provides copies of the written arguments served by each side and a copy of the resulting judgement for information. You will see from reading that the Judge rejects UTB's first argument but accepted that whilst additional funds were desirable, an injection at this stage - May 2018 -was not "absolutely necessary" to aid the stability of BLL and in turn SUFC.

Subsequent to the year end SUL and UTB at their behest underwent a mediation on the 28th September in an attempt to settle the dispute. However, nothing was resolved and in the absence of any agreement in the intervening period, both parties will go to the High Court for an expedited hearing to take place in May 2019.

As readers may be aware, there were plans for SUL to develop land it holds adjoining the Stadium and situated at the junction of Cherry Street and Shoreham Street (which is not leased to SUFC) known as Boundary Corner to construct 45 apartments along with ground floor space principally allocated to accommodate a new Retail Superstore for the Football Club. Planning Consent was obtained for this scheme from Sheffield City Council during 2017. However the footprint of the land designated for the consented scheme required a minor "landswap" in order to utilise a small portion of the existing South Stand car park (leased to SUFC) but compensated by additional land of SUL's which under normal circumstances would have thereafter been leased to the Football Club thus ensuring no loss of parking bays or interference with access and egress to the Stadium. UTB would not agree to amend the current lease arrangements involving this minor variation even accepting that since they became our partners in August 2013, no rental charges have been levied by SUL to the jointly owned SUFC for their continued uninterrupted use of the development site.

Henceforth we are now amending proposals for Boundary Corner and in the near future will be undertaking pre-development activities with a view to constructing on SUL's land a Residential scheme comprising around 75 apartments together with commercial floor space for utilisation by others. It is likely that this project will be undertaken in 2019/2020.

It is to be noted that SUL likewise owns further development land situated at the junction of John Street and Shoreham Street (again not leased to SUFC) over which a retained Planning Consent from Sheffield City Council to construct 51 apartments is in place. In order to aid SUFC, given the present access and egress arrangements to the Kop Stand it is not our intention to implement this transaction in the short term.

Sheffield United Limited

Chairman's Statement

Pending the resolution of the dispute between the two parties owning BLL, either to be settled via the Court or otherwise, it is our intention to revalue in future years the Bramall Lane Stadium and Shirecliffe Academy seeking independent expert property advice. Whilst we continue to annually review the valuations, until such time as the dispute is finalised the full potential value of the properties cannot be realised. We believe a formal valuation will demonstrate higher amounts than those utilised to complete this year's financial statements, and thus in due course the company's net liability position should improve.

A further initiative undertaken to support the company saw Scarborough Luxembourg Sarl as at 1st July 2017 ceasing to charge interest on loans advanced to SUL. As at 30 June 2018 the company had outstanding loans due to related parties under the control of Kevin McCabe totalling £42.25 million (2017: £39.83 million). These parties own 100% of the issued and paid up Preference Share Capital and 87.2% of the issued and paid up Ordinary Share Capital.

All shareholders and supporters of our world famous Club must again be delighted with the success achieved thus far this season with the first team riding high in the top echelons of the Championship. Likewise a word of praise for the SUFC Women's team who are now being well profiled and enjoying their entry into the Women's Super League. 2019 will be an interesting, challenging and exciting period in many ways.

Up the Blades!



Kevin McCabe
Chairman

Sheffield United Limited

Directors' Report for the Year Ended 30 June 2018

The Directors present their report and the financial statements for the year ended 30 June 2018.

Directors of the Company

The directors who held office during the year were as follows:

K C McCabe

S R McCabe

S C McCabe

J J Tutton

Dividends

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 30 June 2018 (2017: £Nil).

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken 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. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

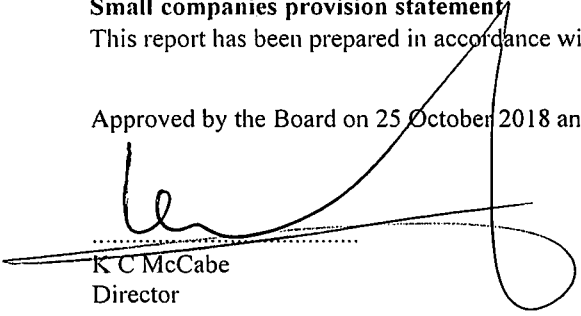
Reappointment of Auditors

Mazars LLP continue in office in accordance with section 487(2) Companies Act 2006.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 25 October 2018 and signed on its behalf by:



K C McCabe
Director

Sheffield United Limited

Statement of Directors' Responsibilities

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

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

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

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

Sheffield United Limited

Independent Auditor's Report to the members of Sheffield United Limited

Opinion

We have audited the financial statements of Sheffield United Limited (the 'Company') for the year ended 30 June 2018 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Sheffield United Limited

Independent Auditor's Report to the members of Sheffield United Limited

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies exemption from the requirement to prepare a Strategic report

Responsibilities of Directors

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; and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

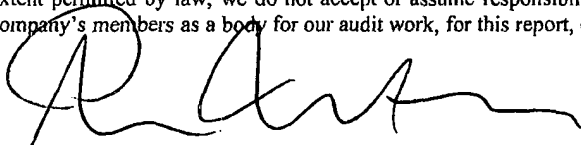
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Sheffield United Limited

Independent Auditor's Report to the members of Sheffield United Limited

Use of the audit report

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



Richard Metcalfe (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Mazars House
Gelder Road
Gildersome
Leeds
LS27 7JN

25 October 2018

Sheffield United Limited

Profit and Loss Account for the Year Ended 30 June 2018

	Note	2018 £	2017 £
Turnover	3	335,521	335,090
Cost of sales		<u>(9,892)</u>	<u>(43,791)</u>
Gross profit		325,629	291,299
Administrative expenses		<u>(1,120,235)</u>	<u>(3,015,251)</u>
Operating loss	4	(794,606)	(2,723,952)
Interest receivable from group undertakings	5	147,993	142,870
Interest payable and similar charges	6	<u>(792,989)</u>	<u>(2,901,914)</u>
Loss before tax		(1,439,602)	(5,482,996)
Taxation	9	<u>-</u>	<u>-</u>
Loss for the financial year		<u><u>(1,439,602)</u></u>	<u><u>(5,482,996)</u></u>

The above results were derived from continuing operations.

The notes on pages 13 to 24 form an integral part of these financial statements.

Sheffield United Limited

Statement of Comprehensive Income for the Year Ended 30 June 2018

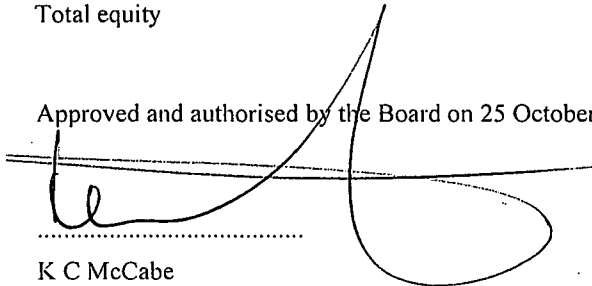
	2018 £	2017 £
Loss for the year	<u>(1,439,602)</u>	<u>(5,482,996)</u>
Total comprehensive loss for the year	<u><u>(1,439,602)</u></u>	<u><u>(5,482,996)</u></u>

The notes on pages 13 to 24 form an integral part of these financial statements.

Sheffield United Limited
(Registration number: 00396956)
Balance Sheet as at 30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	24,000,000	23,602,116
Investments	11	<u>101</u>	<u>1</u>
		<u>24,000,101</u>	<u>23,602,117</u>
Current assets			
Debtors	12	3,188,583	3,119,561
Cash at bank and in hand	13	<u>120,663</u>	<u>14,977</u>
		3,309,246	3,134,538
Creditors: Amounts falling due within one year	14	<u>(42,497,691)</u>	<u>(40,456,044)</u>
Net current liabilities		<u>(39,188,445)</u>	<u>(37,321,506)</u>
Total assets less current liabilities		(15,188,344)	(13,719,389)
Creditors: Amounts falling due after more than one year	14	<u>(124,045)</u>	<u>(153,398)</u>
Net liabilities		<u>(15,312,389)</u>	<u>(13,872,787)</u>
Capital and reserves			
Called up share capital	15	8,452,670	8,452,670
Share premium reserve	16	247,500	247,500
Profit and loss account	16	<u>(24,012,559)</u>	<u>(22,572,957)</u>
Total equity		<u>(15,312,389)</u>	<u>(13,872,787)</u>

Approved and authorised by the Board on 25 October 2018 and signed on its behalf by:



.....
K C McCabe
Director

Sheffield United Limited

Statement of Changes in Equity for the Year Ended 30 June 2018

	Share capital £	Share premium £	Profit and loss account (as restated) £	Total £
At 1 July 2017	8,452,670	247,500	(22,572,957)	(13,872,787)
Loss for the year	-	-	(1,439,602)	(1,439,602)
Total comprehensive loss	-	-	(1,439,602)	(1,439,602)
At 30 June 2018	<u>8,452,670</u>	<u>247,500</u>	<u>(24,012,559)</u>	<u>(15,312,389)</u>
	Share capital £	Share premium £	Profit and loss account (as restated) £	Total £
At 1 July 2016	8,452,670	247,500	(17,089,961)	(8,389,791)
Loss for the year	-	-	(5,482,996)	(5,482,996)
Total comprehensive loss	-	-	(5,482,996)	(5,482,996)
At 30 June 2017	<u>8,452,670</u>	<u>247,500</u>	<u>(22,572,957)</u>	<u>(13,872,787)</u>

The notes on pages 13 to 24 form an integral part of these financial statements.
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Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

SUFC
Bramall Lane
Sheffield
S2 4SU

The principal place of business is:

2nd Floor Left Hand Side
Building 3125
Century Way
Thorpe Park
Leeds
LS15 8ZB

The principal activity of the company is property ownership and holding an interest in Sheffield United Football Club.

These financial statements were authorised for issue by the Board on 25 October 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Scarborough Group International Limited, includes the Company's cash flows in its own consolidated financial statements.

The company has taken the exemption under FRS102 paragraph 1.12(c), from disclosing the carrying value of financial instruments not measured at fair value on the basis that it is a qualifying entity and its ultimate parent company, Scarborough Group International Limited, discloses the carrying value of financial instruments in its own consolidated financial statements.

Group accounts not prepared

The company has taken advantage of the exemption with Chapter 4 of Part 15 of the Companies Act 2006 not to prepare group accounts. Accordingly, these accounts present information about the as an individual undertaking and not about its group.

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

Going concern

These financial statements have been prepared on a going concern basis as the immediate parent company has confirmed that it will continue to provide financial support for the foreseeable future to the company and will not seek repayment of amounts due from the company unless it is able to do so.

Critical accounting estimates and assumptions

(i) Impairment of investments

The carrying value of the Company's investments in subsidiaries is affected by market conditions which may impact on the value of the assets of those subsidiaries together with the trading performance of those subsidiaries. During the preparation of these financial statements, key management have given consideration to the carrying value of the investments in subsidiaries to determine if any impairment provision is required. When making this judgement, key management have referred to a mixture of independent, external property valuation reports and internally prepared management accounts for the subsidiaries.

(ii) Investment property

Freehold and leasehold properties held as investment properties are accounted for in accordance with the accounting principles set out in section 16 of FRS102. Valuation gains or losses are recognised in the profit and loss account. The Directors apply judgement regarding the condition of the property and the likely impact of external factors which may affect the value of the property.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers the ageing profile of debtors, historical experience and knowledge of any other specific factors affecting a debtor's ability to pay.

Turnover

Turnover represents amounts invoiced, net of value added tax, in respect of rental income from let properties, management fees and proceeds from sale of properties. Rental income accrues on a daily basis.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Investment property

Freehold and leasehold properties held as investment properties are accounted for in accordance with the accounting principles set out in section 16 of FRS102.

Investments

Investments in subsidiary undertakings are held at cost less any provision for impairment. Investments in joint ventures and associates are held at cost less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

Trade debtors

Trade debtors are amounts due from customers for rent billed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018	2017
	£	£
Rental income	310,000	310,000
Other income	25,521	25,090
	335,521	335,090

The Company's rental income is derived from operating leases that are in place with tenants who occupy the portfolio of properties that are held for resale. The Company has the following future minimum lease payments receivable under non-cancellable operating leases expiring for each of the following periods:

	2018	2017
	£	£
Within 1 year	310,000	310,000
Between 1 and 5 years	1,240,000	1,240,000
After 5 years	51,808	361,808
	1,601,808	1,911,808

The Company's operating leases typically require the tenants to be responsible for paying for repairing and insuring the property and include clauses allowing for rent reviews at certain points during the lease. The leases do not contain contingent rents.

4 Operating loss

Arrived at after (crediting)/charging

	2018	2017
	£	£
Provision against joint venture investment	-	2,600,000
Provision against amount due from group undertaking	118,824	125,318
Exceptional legal fees in connection with court case	787,808	-
	787,808	-

5 Other interest receivable and similar income

	2018	2017
	£	£
Interest receivable from group undertakings	147,993	142,870
	147,993	142,870

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

6 Interest payable and similar charges

	2018 £	2017 £
Interest payable to group undertakings	766,733	2,887,845
Interest on other loans	26,256	14,069
	<u>792,989</u>	<u>2,901,914</u>

7 Staff costs

The average number of employees (excluding directors) during the year was nil (2017: nil).

No emoluments were paid to the directors during the year (2017: £nil).

8 Auditor's remuneration

	2018 £	2017 £
Audit of the financial statements	<u>6,500</u>	<u>6,500</u>
Other fees to auditors		
All other non-audit services	<u>3,150</u>	<u>3,150</u>

Auditor's remuneration, in respect of audit services includes the fee payable on behalf of John Street Developments Limited of £2,000 (2017: £2,000).

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

9 Taxation

Tax charged in the profit and loss account

	2018 £	2017 £
Current taxation	<u>-</u>	<u>-</u>

The tax on loss before tax for the year is different from the standard rate of corporation tax the UK of 19% (2017: 19.75%).

The differences are reconciled below:

	2018 £	2017 £
Loss before tax	<u>(1,439,602)</u>	<u>(5,482,996)</u>
Corporation tax at standard rate	(273,524)	(1,082,892)
Effect of expense not deductible in determining taxable profit (tax loss)	173,643	546,960
Tax (decrease) from effect of capital allowances and depreciation	(4,718)	(5,600)
Tax increase from effect of unrelieved tax losses carried forward	<u>104,599</u>	<u>541,532</u>
Total tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) was substantively enacted in September 2016 and has therefore been considered when calculating tax and any deferred tax balances at the reporting date.

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

10 Tangible assets

	Investment property £	Total £
Cost		
At 1 July 2017	23,602,116	23,602,116
Additions	<u>397,884</u>	<u>397,884</u>
At 30 June 2018	<u>24,000,000</u>	<u>24,000,000</u>
Carrying amount		
At 30 June 2018	<u>24,000,000</u>	<u>24,000,000</u>
At 30 June 2017	<u>23,602,116</u>	<u>23,602,116</u>

The directors have considered the valuation of the property at 30 June 2018 and deemed that no adjustment is required at this time.

Once the court case referred to in the Chairman's Statement is concluded, it is the directors' intention to procure a full external valuation of the investment properties in the expectation that this will demonstrate a significant increase in values.

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

11 Investments in subsidiaries, joint ventures and associates

	2018 £	2017 £
Investments in subsidiaries	<u>101</u>	<u>1</u>
Subsidiaries		£
Cost or valuation		
At 1 July 2017		1
Additions		<u>100</u>
At 30 June 2018		<u>101</u>
Provision		
Carrying amount		
At 30 June 2018		<u>101</u>
At 30 June 2017		<u>1</u>
Joint ventures		£
Cost		
At 1 July 2017		44,095,641
Provision		
At 1 July 2017		<u>44,095,641</u>
Carrying amount		
At 30 June 2018		<u>-</u>
At 30 June 2017		<u>-</u>

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

Details of undertakings

As at 30 June 2018 the following were the subsidiaries and joint ventures of the Company and were held indirectly by the Company unless indicated by *.

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
John Street Developments Limited *	England and Wales	Ordinary	100%	100%
Sheffield United Holdings Limited *	England and Wales	Ordinary	100%	100%
Sheffield United Bramall Lane Limited	England and Wales	Ordinary	100%	0%
Sheffield United Shirecliffe Limited	England and Wales	Ordinary	100%	0%
Sheffield United Developments Limited	England and Wales	Ordinary	100%	0%
Sheffield United Real Estate Limited	England and Wales	Ordinary	100%	0%
Sheffield United Ventures Limited	England and Wales	Ordinary	100%	0%
Joint ventures				
Blades Leisure Limited *	England and Wales	Ordinary	50%	50%

12 Debtors

	Note	2018 £	2017 £
Trade debtors		31,000	30,237
Amounts owed by group undertakings	19	3,036,200	3,041,569
Other debtors		70,963	3,350
Prepayments		39,858	40,175
Accrued income		10,562	4,230
Total current trade and other debtors		<u>3,188,583</u>	<u>3,119,561</u>

13 Cash and cash equivalents

	2018 £	2017 £
Cash at bank	<u>120,663</u>	<u>14,977</u>

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

14 Creditors

	Note	2018 £	2017 £
Due within one year			
Finance lease liabilities due within 1 year		29,353	27,056
Trade creditors		178,443	5,426
Amounts due to related parties	19	22,367,504	23,367,484
Other creditors		478,338	550,296
Accrued expenses		539,264	17,290
Amounts owed to group undertakings		18,878,956	16,462,659
Deferred income		25,833	25,833
		<u>42,497,691</u>	<u>40,456,044</u>
Due after one year			
Finance lease liabilities due after 1 year		<u>124,045</u>	<u>153,398</u>

Obligations under hire purchase contracts are secured against the asset to which they relate.

Finance leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Within 1 year	29,353	27,056
Between 1 and 5 years	124,045	131,195
After 5 years	-	22,203
	<u>153,398</u>	<u>180,454</u>

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

15 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £0.001 each	452,670,114	452,670	452,670,114	452,670
Preference shares of £1 each	8,000,000	8,000,000	8,000,000	8,000,000
	<u>460,670,114</u>	<u>8,452,670</u>	<u>460,670,114</u>	<u>8,452,670</u>

Each ordinary share is entitled to one vote. Each share is entitled pari passu to dividend payments or any other distribution arising from a winding up order of the company subject to the rights of the preference shares. None of the shares are redeemable.

The preference shares have no voting rights. Each preference share is entitled to a fixed preferential dividend of 6% per annum on the subscription price for such share. Each preference share is entitled to priority over any other class of shares in repayment of subscription price and all arrears in a distribution arising from winding up of the company.

16 Reserves

The profit and loss account reserve represents accumulated losses after tax.

The share premium reserve arises from the historical purchase of shares above par value.

17 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2017: £Nil).

18 Contingent liabilities

An amount of £402,602 (2017: £472,064) is payable on demand to Sheffield United Football Club Limited in respect of the Football League Limited Pension and Life Assurance Scheme, there is a claw back provision on the sale of players and therefore it is highly unlikely that this amount will become payable.

19 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Blades Leisure Limited

(Joint Venture)

A loan of £1,000,000 (2017: £nil) on which interest is not charged. At the balance sheet date the amount due from Blades Leisure Limited was £1,000,000 (2017: £nil).

Sheffield United Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

Scarborough Luxembourg Sarl

(A company in which K C McCabe, S R McCabe and S C McCabe are directors)

A loan on which no interest is charged (2017: interest is charged at 10%), the amount charged during the year was £nil (2017: £2,194,859). At the balance sheet date the amount due to Scarborough Luxembourg Sarl was £23,367,504 (2017: £23,367,504).

Scarborough United Group Limited

(Immediate parent owning 87.5% of the company)

A loan on which interest is charged at 4% plus base rate, the amount charged during the year was £766,733 (2017: £648,534). At the balance sheet date the amount due to Scarborough United Group Limited was £18,878,956 (2017: £16,462,659).

Scarborough Management Limited

(member of wider group)

During the year the company incurred management fees of £240,000 (2017: £242,839) from Scarborough Management Limited, included within prepayments at the balance sheet date the amount due to Scarborough Management Limited was £40,000 (2017: £40,000 within accruals) and within trade creditors was £nil (2017: £nil). Scarborough Management Limited paid costs on behalf of Sheffield United Limited, interest is charged on this loan at 4% over base rate, interest charged during the year was £nil (2017: £30,162). At the balance sheet date the amount due to Scarborough Management Limited was £nil (2017: £nil).

20 Parent and ultimate parent undertaking

The company is controlled by Scarborough United Group Limited, a company registered in England and Wales, which owns 87.27% of the company. The ultimate parent undertaking is Scarborough Group International Limited a company registered in Scotland.

Scarborough Group International Limited is also the parent undertaking of the largest and smallest group for which group accounts are to be drawn up and of which the company is a member. Copies of the accounts of Scarborough Group International Limited can be obtained from; Lomond Court, Castle Business Park, Stirling, FK9 4TU.

The ultimate controlling party is K C McCabe.