

Financial statements

Contents

36	Consolidated profit and loss account
36	Statement of total recognised gains and losses
37	Consolidated balance sheet
38	Company balance sheet
39	Consolidated cash flow statement
40	Note to consolidated cash flow statement
41	Notes to the financial statements

Consolidated profit and loss account

For the year ended 31 July 2002

	Note			2002	2001
		Operations excluding player amortisation and trading £'000	Player amortisation and trading £'000	Total £'000	Total £'000 Restated
Turnover: Group and share of joint venture		148,070	–	148,070	130,637
Less: Share of joint venture		(2,008)	–	(2,008)	(1,068)
Group turnover	3	146,062	–	146,062	129,569
Cost of sales		(15,685)	–	(15,685)	(22,120)
Gross profit		130,377	–	130,377	107,449
Administrative expenses before exceptional costs	4	(96,448)	(17,647)	(114,095)	(85,942)
Administrative expenses – exceptional costs	5	(864)	–	(864)	(2,073)
Total administrative expenses		(97,312)	(17,647)	(114,959)	(88,015)
Group operating profit/(loss)		33,065	(17,647)	15,418	19,434
Share of operating (loss)/profit in:					
– Joint venture		(501)	–	(501)	(677)
– Associates		(3)	–	(3)	75
Total operating profit: Group and share of joint venture and associates		32,561	(17,647)	14,914	18,832
Profit on disposal of players		–	17,406	17,406	2,219
Profit/(loss) before interest and taxation		32,561	(241)	32,320	21,051
Net interest receivable	6			27	727
Profit on ordinary activities before taxation				32,347	21,778
Taxation	8			(7,308)	(7,399)
Profit for the year				25,039	14,379
Dividends	10			(8,053)	(5,195)
Retained profit for the year	24			16,986	9,184
Basic and diluted earnings per share (pence)	11			9.6	5.5
Basic and diluted adjusted earnings per share (pence)	11			10.0	8.3

The results for both the current and prior period derive from continuing activities.

Statement of total recognised gains and losses

For the year ended 31 July 2002

	2002 £'000	2001 £'000 Restated
Profit for the year/total recognised gains and losses in the year	25,039	14,379
Prior year adjustment (note 2)	(4,235)	
Total recognised gains and losses since last annual report	20,804	

The accompanying notes on pages 41 to 55 are an integral part of these financial statements.

Consolidated balance sheet

At 31 July 2002

	Note	2002 £'000	2001 £'000 Restated
Fixed assets			
Intangible assets	12	82,209	71,117
Tangible assets	13	128,329	122,710
Loan to joint venture	14	1,000	1,000
Investment in associates	14	789	792
		212,327	195,619
Current assets			
Stocks	15	196	2,209
Debtors	16	32,279	20,581
Cash at bank and in hand		933	–
		33,408	22,790
Creditors – amounts falling due within one year	17	53,459	44,935
Net current liabilities		(20,051)	(22,145)
Total assets less current liabilities		192,276	173,474
Creditors – amounts falling due after one year	18	688	1,050
Provision for liabilities and charges			
Deferred taxation	20	5,247	6,389
Investment in joint venture:	20		
– Share of gross assets		(391)	(731)
– Share of gross liabilities		3,812	3,651
		3,421	2,920
Accruals and deferred income			
Deferred grant income	21	1,194	1,410
Other deferred income	22	44,283	41,248
Net assets		137,443	120,457
Capital and reserves			
Share capital	23	25,977	25,977
Other reserve	24	500	500
Profit and loss account	24	110,966	93,980
Shareholders' funds	25	137,443	120,457

The financial statements on pages 36 to 55 were approved by the Board of directors on 30 September 2002 and signed on its behalf by:

David Gill Director

Nick Humby Director

The accompanying notes on pages 41 to 55 are an integral part of these financial statements.

Company balance sheet

At 31 July 2002

	Note	2002 £'000	2001 £'000 Restated
Fixed assets			
Tangible assets	13	25,238	25,601
Investments	14	29,139	27,425
		54,377	53,026
Current assets			
Stocks	15	196	2,209
Debtors	16	62,182	51,603
Cash at bank and in hand		831	1,833
		63,209	55,645
Creditors – amounts falling due within one year	17	17,131	16,128
Net current assets		46,078	39,517
Total assets less current liabilities		100,455	92,543
Accruals and deferred income			
Other deferred income	22	7,381	6,703
Net assets		93,074	85,840
Capital and reserves			
Share capital	23	25,977	25,977
Profit and loss account	24	67,097	59,863
Shareholders' funds		93,074	85,840

The financial statements on pages 36 to 55 were approved by the Board of directors on 30 September 2002 and signed on its behalf by:

David Gill Director

Nick Humby Director

The accompanying notes on pages 41 to 55 are an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 31 July 2002

	Note	2002		2001	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities			42,807		50,882
Returns on investments and servicing of finance					
Interest received		521		692	
Interest paid		(445)		(146)	
Net cash inflow from returns on investments and servicing of finance			76		546
Taxation paid			(9,433)		(7,377)
Capital expenditure and financial investment					
Proceeds from sale of players' registrations		13,006		4,194	
Purchase of players' registrations		(25,089)		(47,504)	
Proceeds from sale of tangible fixed assets		1,165		1,430	
Purchase of tangible fixed assets		(15,088)		(9,232)	
Net cash outflow from capital expenditure and financial investment			(26,006)		(51,112)
Acquisitions and disposals					
Investment in associated company		–		(126)	
Net cash outflow from acquisitions and disposals			–		(126)
Equity dividends paid			(5,274)		(5,013)
Cash inflow/(outflow) before management of liquid resources and financing			2,170		(12,200)
Management of liquid resources					
Sale of marketable securities		–		5,006	
Purchase of marketable securities		–		(5,006)	
Net cash inflow from management of liquid resources			–		–
Financing					
Repayment of borrowings		–		(1,856)	
Grants received		–		400	
Net cash outflow from financing			–		(1,456)
Increase/(decrease) in cash in the year	26		2,170		(13,656)

Note to consolidated cash flow statement

For the year ended 31 July 2002

Reconciliation of operating profit to net cash inflow from operating activities

	2002 £'000	2001 £'000
Net cash generated from operating activities		
Group operating profit	15,418	19,434
Depreciation charges	7,685	7,539
Amortisation of players' registrations	17,647	10,173
Profit on disposal of tangible fixed assets	(150)	(51)
Grants released	(216)	(185)
Decrease in stocks	2,013	1,798
Decrease/(increase) in debtors	1,470	(3,162)
(Decrease)/increase in creditors and deferred income	(1,060)	15,336
Net cash inflow from operating activities	42,807	50,882

The accompanying notes on pages 41 to 55 are an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

A summary of the Group's principal accounting policies is set out below. These policies have been consistently applied, except for the adoption of Financial Reporting Standard 19 'Deferred Tax' ('FRS 19'), as described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention. They have been drawn up to comply with applicable accounting standards including FRS 19. The 2001 figures have been restated to reflect the adoption of FRS 19, additional information is given in note 2.

Basis of consolidation

The financial statements combine the results of Manchester United PLC and its subsidiary undertakings using acquisition accounting. Undertakings other than subsidiary undertakings in which the Group has an investment of at least 20 per cent 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 result for the joint venture and associates are based upon management accounts for the period ended 31 July 2002.

Joint venture

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

Associates

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

Turnover

Turnover represents income receivable from the Group's principal activities excluding transfer fees and value added tax.

Deferred income

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

Depreciation

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

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

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

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised, in equal annual instalments, over the football seasons covered by the player's initial contract.

Notes to the financial statements continued

1 Accounting policies continued

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 football seasons 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.

Deferred taxation

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 the results as stated in the financial statements.

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

Foreign currencies

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

Financial instruments

The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates. Derivative instruments utilised by the Group include forward currency contracts. Such contracts are accounted for as hedges, with the instrument's impact on profit 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.

Pension costs

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

2 Prior year adjustment

Following the issue of Financial Reporting Standard 19 'Deferred Tax', the Group has changed its accounting policy for deferred taxation. Under the new policy deferred tax is provided for in full. Previously deferred tax was provided only to the extent that it was probable that a liability would crystallise.

The effect of this change in accounting policy on the profit and loss reserves of the Group is shown below:

	£'000
Profit and loss reserves as previously reported at 31 July 2001	98,215
Prior year adjustment	(4,235)
Profit and loss reserves as restated at 31 July 2001	93,980

The effect on the retained profit for the year ended 31 July 2001 is shown below:

	£'000
Retained profit for the year as previously reported	9,742
Additional provision for deferred tax on adoption of FRS 19	(558)
Retained profit for the year as restated	9,184

In the year ended 31 July 2002 the effect of the change in policy has been to decrease the retained profit by £596,000.

3 Turnover

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

	2002 £'000	2001 £'000 Restated
Match day	56,253	51,763
Media	51,948	31,237
Commercial	26,493	27,411
Merchandising	11,368	19,158
	146,062	129,569

The turnover analysis has been adjusted (and the prior year figures restated) in order to better reflect the Group's current business activities.

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

	2002 £'000	2001 £'000
United Kingdom	145,559	125,604
Rest of World	503	3,965
	146,062	129,569

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

4 Administrative expenses before exceptional costs

	2002 £'000	2001 £'000
Operations excluding player amortisation and trading:		
Auditors' remuneration: audit services	55	35
Auditors' remuneration: non-audit services	442	255
Staff costs (note 7)	69,999	50,002
Depreciation	6,923	6,514
Operating lease costs – land and buildings	307	189
Other operating charges	19,088	19,010
Grants released (note 21)	(216)	(185)
Profit on disposal of tangible fixed assets	(150)	(51)
	96,448	75,769
Player amortisation and trading:		
Amortisation of players' registrations	17,647	10,173
	114,095	85,942

Notes to the financial statements continued

5 Administrative expenses – exceptional costs

	2002 £'000	2001 £'000
Restructuring of merchandising operations	864	1,821
Share of deficit on Football League Pension Scheme	–	252
	864	2,073

The charge of £864,000 (2001 £1,821,000) relating to restructuring of the merchandising operations comprises accelerated depreciation charges on fixed assets of £762,000 (2001 £1,025,000) and redundancy costs of £102,000 (2001 £796,000).

6 Net interest receivable

	2002 £'000	2001 £'000
Interest receivable	492	737
Interest payable on bank loans and overdrafts	(465)	(10)
	27	727

7 Staff costs

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

	2002 Number	2001 Number
Players	66	72
Ground staff	67	60
Ticket office and membership	32	23
Catering	123	136
Merchandising	48	90
Administration and other	159	155
Average number of employees	495	536

The Group also employs approximately 1,374 temporary staff on match days (2001 1,346).

Particulars of employee costs, including directors, are as shown below:

	2002 £'000	2001 £'000
Wages and salaries	62,568	44,590
Social security costs	6,836	4,861
Other pension costs	595	551
	69,999	50,002

Details of directors' remuneration and share options are given in the remuneration report on pages 29 to 32. This information forms part of these financial statements.

8 Taxation

	2002 £'000	2001 £'000 Restated
Corporation tax at 30 per cent (2001 30 per cent) on the profit for the year	11,950	8,525
Adjustment in respect of previous years	(3,500)	–
Total current tax	8,450	8,525
Deferred taxation: origination and reversal of timing differences (note 20)	(1,614)	(1,126)
Adjustment in respect of previous years	472	–
Total deferred tax	(1,142)	(1,126)
Tax on profit on ordinary activities	7,308	7,399

The tax rate for the year is lower than the standard rate of corporation tax in the UK (30 per cent) mainly due to an adjustment in respect of previous years of £3,028,000 which arose following an agreement concluded during the year regarding capital allowances previously under claimed. A reconciliation of current tax is shown below:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	32,347	21,778
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30 per cent (2001 30 per cent)	9,704	6,533
Effect of:		
Adjustment to tax in respect of previous years	(3,500)	–
Expenses not deductible for tax purposes	574	755
Capital allowances	1,672	1,237
	8,450	8,525

9 Profit for the year

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not presented its own profit and loss account. The Company's profit for the year was £15,287,000 (2001 £14,442,000 – restated (note 1)).

10 Dividends

	2002 £'000	2001 £'000
Interim paid of 0.64 pence per share (2001 0.61 pence per share)	1,663	1,585
Proposed final of 1.46 pence per share (2001 1.39 pence per share)	3,792	3,610
Proposed special of 1.00 pence per share (2001 nil)	2,598	–
	8,053	5,195

If approved, the final and special dividends will be paid on 22 November 2002 to shareholders on the register at 11 October 2002.

Notes to the financial statements continued

11 Earnings per ordinary share

The calculation of earnings per share is based on the profit for the year and the weighted average number of ordinary shares in issue for the year of 259,768,040 (2001 259,768,040). Share options outstanding at each year end have no dilutive effect on the stated earnings per share.

An adjusted earnings per share figure has been calculated in addition to the earnings per share required by FRS 14, 'Earnings per Share' and is based on earnings excluding the effect of exceptional costs and player trading. It has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group. Details of the adjusted earnings per share are set out below:

	2002		2001	
	Earnings after tax £'000	Earnings per share pence	Earnings after tax £'000 Restated	Earnings per share pence Restated
Basic and diluted earnings per share	25,039	9.6	14,379	5.5
Exceptional costs	833	0.3	1,759	0.7
Amortisation of players' registrations	12,353	4.8	7,121	2.7
Profit on disposal of players' registrations	(12,184)	(4.7)	(1,553)	(0.6)
Adjusted earnings per share	26,041	10.0	21,706	8.3

12 Intangible fixed assets

Group	£'000
Cost of players' registrations	
At 1 August 2001	104,071
Additions	37,536
Disposals	(33,180)
At 31 July 2002	108,427
Amortisation of players' registrations	
At 1 August 2001	32,954
Charge for the year	17,647
Disposals	(24,383)
At 31 July 2002	26,218
Net book value of players' registrations	
At 31 July 2002	82,209
At 31 July 2001	71,117

13 Tangible fixed assets

Group	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost ⁽¹⁾				
At 1 August 2001	106,739	26,138	16,362	149,239
Additions	8,035	5,249	1,035	14,319
Disposals	(886)	(1,240)	(1,311)	(3,437)
At 31 July 2002	113,888	30,147	16,086	160,121
Depreciation				
At 1 August 2001	3,940	13,131	9,458	26,529
Charge for the year ⁽²⁾	1,548	4,107	2,030	7,685
Disposals	(170)	(953)	(1,299)	(2,422)
At 31 July 2002	5,318	16,285	10,189	31,792
Net book value				
At 31 July 2002	108,570	13,862	5,897	128,329
At 31 July 2001	102,799	13,007	6,904	122,710

Company	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost ⁽¹⁾				
At 1 August 2001	24,069	4,918	2,385	31,372
Additions	1,852	833	27	2,712
Disposals	(754)	(596)	–	(1,350)
At 31 July 2002	25,167	5,155	2,412	32,734
Depreciation				
At 1 August 2001	1,676	2,751	1,344	5,771
Charge for the year ⁽²⁾	373	1,079	749	2,201
Disposals	(37)	(439)	–	(476)
At 31 July 2002	2,012	3,391	2,093	7,496
Net book value				
At 31 July 2002	23,155	1,764	319	25,238
At 31 July 2001	22,393	2,167	1,041	25,601

(1) At 31 July 2002 the following items have not been subject to depreciation:

	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Group				
Land	9,767	–	–	9,767
Assets in the course of construction	6,751	2,315	839	9,905
	16,518	2,315	839	19,672
Company				
Land	9,767	–	–	9,767

(2) The depreciation charge for the year on freehold property (Group and Company) includes accelerated depreciation of £762,000 (see note 5).

Notes to the financial statements continued

14 Fixed asset investments

Group	Subsidiary undertakings £'000	Associated undertakings £'000	Joint venture £'000	Loan to joint venture £'000	Loan to Group undertaking £'000	Total £'000
Cost						
At 1 August 2001	–	792	–	1,000	–	1,792
Share of loss	–	(3)	(501) ⁽¹⁾	–	–	(504)
Transfer to provision for liabilities and charges	–	–	501	–	–	501
At 31 July 2002	–	789	–	1,000	–	1,789
Net book value						
At 31 July 2002	–	789	–	1,000	–	1,789
At 31 July 2001	–	792	–	1,000	–	1,792

Company	Subsidiary undertakings £'000	Associated undertakings £'000	Joint venture £'000	Loan to joint venture £'000	Loan to Group undertaking £'000	Total £'000
Cost						
At 1 August 2001	1,009	733	–	1,000	24,683	27,425
Additions	10	–	–	–	1,704	1,714
At 31 July 2002	1,019	733	–	1,000	26,387	29,139
Net book value						
At 31 July 2002	1,019	733	–	1,000	26,387	29,139
At 31 July 2001	1,009	733	–	1,000	24,683	27,425

(1) In accordance with FRS 9, 'Joint Ventures and Associates' the Group's share of losses from its investment in the joint venture of £501,000 has been calculated by reference to the proportion of ordinary shares it owns. The Group's cash investment, including its loan to the joint venture company, is limited to £1,000,000, of which £1,000,000 had been paid at 31 July 2002.

14 Fixed asset investments continued

The following companies are the principal subsidiary undertakings, associated undertakings and joint ventures of the Group at 31 July 2002:

	Country of incorporation and operation	Principal activity	Description of share classes owned
Subsidiaries			
Manchester United Football Club Limited	England and Wales	Professional football club	100% Ordinary
MU 099 Limited (formerly Manchester United Merchandising Limited)	England and Wales	Agency company	100% Ordinary
Manchester United Catering Limited	England and Wales	Agency company	100% Ordinary
Manchester United Interactive Limited	England and Wales	Media company	95% Ordinary
Manchester United Commercial Enterprises (Ireland) Ltd	Ireland	Property investment	100% Ordinary
Alderley Urban Investments Limited	England and Wales	Property investment	100% Ordinary
Joint venture			
MUTV Limited	England and Wales	TV channel	33.3% Ordinary
Associates			
Extramini Limited	England and Wales	Hotel	25% Ordinary
Timecreate Limited	England and Wales	Hotel	31.4% Ordinary

15 Stocks

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Raw materials and consumables	33	55	33	55
Goods held for resale	163	2,154	163	2,154
	196	2,209	196	2,209

16 Debtors

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000 Restated
Trade debtors	22,117	9,709	2,928	5,739
Amounts due from subsidiary undertakings	–	–	58,197	44,115
Other debtors	865	408	54	40
Prepayments and accrued income	9,297	10,464	684	1,256
Deferred tax	–	–	319	453
	32,279	20,581	62,182	51,603

Trade debtors include transfer fees receivable from other football clubs of £17,185,000 (2001 £3,750,000) of which £1,500,000 (2001 nil) is receivable after more than one year.

Notes to the financial statements continued

17 Creditors – amounts falling due within one year

	Group		Company	
	2002 £'000	2001 £'000 Restated	2002 £'000	2001 £'000
Bank overdraft	–	1,237	–	–
Trade creditors	21,579	13,702	1,707	2,468
Corporation tax	9,813	10,796	4,062	6,467
Social security and other taxes	4,711	9,265	1,892	1,400
Other creditors – pensions	362	461	–	–
Accruals	10,604	5,863	3,080	2,182
Dividends proposed	6,390	3,611	6,390	3,611
	53,459	44,935	17,131	16,128

The bank overdraft at 31 July 2001 was a floating rate financial liability, denominated in Sterling, repayable on demand and on which interest was charged at rates based on LIBOR.

Trade creditors include transfer fees payable to other football clubs of £13,631,000 (2001 £3,033,000 – previously disclosed in accruals).

18 Creditors – amounts falling due after one year

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Other creditors – pensions	688	1,050	–	–

19 Financial instruments

The Group's financial instruments comprise borrowings and cash, and various items such as trade debtors and trade creditors that arise directly from the Group's operations. The main purpose of the financial instruments is to finance the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate, liquidity and foreign currency risks.

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency disclosures.

Financial liabilities

At 31 July 2002 the Group had no financial liabilities, excluding short-term trading items. At 31 July 2001 the Group had a bank overdraft, repayable on demand, of £1,237,000 which was denominated in sterling and incurred interest at floating rates based on LIBOR. The Group has contingent liabilities, as disclosed in note 29b and guarantees on behalf of an associate, as disclosed in note 29c. Both of these liabilities are denominated in sterling and no interest is paid thereon.

The Group had undrawn committed borrowing facilities available at 31 July 2002 of £29.5 million (2001 £28.3 million). These facilities are due for renewal in November 2002.

Included within accruals is an amount of £471,000 denominated in US Dollars on which no interest is paid.

Financial assets

At 31 July 2002, as disclosed in note 16, the Group had trade debtors of £1,500,000 (2001 nil) receivable between one and two years from the balance sheet date, denominated in sterling and accruing interest at floating rates based on LIBOR.

The currency profile of the Group's financial assets at 31 July 2002 and 31 July 2001 are set out below:

Group	2002		2001	
	Floating rate £'000	Financial assets on which no interest accrues £'000	Total £'000	Total £'000
Currency				
US Dollar	302	–	302	–
Euro	–	242	242	–
Other	38	–	38	–
	340	242	582	–

The floating rate financial assets at 31 July 2002 comprised cash at bank and in hand and accrued interest based on LIBOR.

Currency exposures

The Group had no monetary net assets or liabilities denominated in currencies other than Sterling except as disclosed above.

Hedges

The Group's policy is to enter into forward foreign currency contracts on future sales and purchases where there is a high degree of likelihood of an exposure occurring. Gains and losses on these contracts are not recognised until the exposure being hedged is itself recognised.

At 31 July 2002 the Group had no forward exchange contracts outstanding (2001 £7.6 million denominated in Swiss Francs due to mature within one year).

Fair values

The fair value of all financial instruments at 31 July 2002 and 31 July 2001 was not materially different from their book value.

Notes to the financial statements continued

20 Provision for liabilities and charges

a. Deferred taxation

The provision for deferred tax comprises:

	Group		Company	
	2002 £'000	2001 £'000 Restated	2002 £'000	2001 £'000 Restated
Accelerated capital allowances	5,862	7,458	(199)	80
Short-term timing differences	(615)	(1,069)	(120)	(533)
	5,247	6,389	(319)	(453)

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

	Group £'000	Company £'000
At 1 August 2001 as previously reported	2,154	–
Prior year adjustment – FRS 19	4,235	(453)
At 1 August 2001 (as restated)	6,389	(453)
Amount (credited)/charged to profit and loss account (note 8)	(1,142)	134
At 31 July 2002	5,247	(319)

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

b. Investment in joint venture

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

	Group £'000
At 1 August 2001	2,920
Loss for the year transferred from fixed asset investments (see note 14)	501
At 31 July 2002	3,421

21 Deferred grant income

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

	Group £'000
At 1 August 2001	1,410
Grants released in the year	(216)
At 31 July 2002	1,194

22 Other deferred income

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

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Match day activities	32,060	28,680	–	1,348
Media contracts	4,670	7,005	–	–
Commercial contracts	7,553	5,563	7,381	5,355
	44,283	41,248	7,381	6,703

23 Share capital

	Company	
	2002 £'000	2001 £'000
Authorised:		
350,000,000 ordinary shares of 10 pence each	35,000	35,000
Allotted, called up and fully paid:		
259,768,040 ordinary shares of 10 pence each	25,977	25,977

Share option schemes:

	Executive Plan Number	Savings-related Scheme Number	Total Number
At 1 August 2001	3,033,049	606,523	3,639,572
Granted	2,058,716	568,845	2,627,561
Lapsed	–	(343,074)	(343,074)
At 31 July 2002	5,091,765	832,294	5,924,059

	Executive Plan	Savings-related Scheme
Options granted during the year:		
Exercise price range	£1.30 – £1.43	£0.97
Average exercise price	£1.35	£0.97
Latest exercise date	19.04.2012	01.06.2007
Options outstanding at 31 July 2002:		
Exercise price range	£1.30 – £2.36	£0.97 – £1.97
Average exercise price	£1.64	£1.21
Latest exercise date	19.04.2012	01.06.2007

Options granted to directors are disclosed in the remuneration report on pages 29 to 32.

Notes to the financial statements continued

24 Reserves

Group	Other reserve £'000	Profit and loss account £'000
At 1 August 2001	500	98,215
Prior year adjustment	–	(4,235)
As restated	500	93,980
Retained profit for the year	–	16,986
At 31 July 2002	500	110,966

Company	Profit and loss account £'000
At 1 August 2001	59,410
Prior year adjustment	453
As restated	59,863
Retained profit for the year	7,234
At 31 July 2002	67,097

Under the terms of certain lotteries, past donations of £545,440 (2001 £93,970) received by one of the Company's subsidiaries, and included within the profit and loss account balance, are not available for distribution (and bank balances are restricted accordingly) until such monies have been expended within the terms of those lotteries on capital programmes relating to the development of spectator facilities at the Old Trafford football stadium. All past donations, having been so applied, are distributable. It is intended that the balance will be applied to such programmes and will thereby become distributable.

25 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2002 £'000	2001 £'000 Restated	2002 £'000	2001 £'000 Restated
Profit for the year	25,039	14,379	15,287	14,442
Dividends	(8,053)	(5,195)	(8,053)	(5,195)
Net addition to equity shareholders' funds	16,986	9,184	7,234	9,247
Opening equity shareholders' funds (as restated)	120,457	111,273	85,840	76,593
Closing equity shareholders' funds	137,443	120,457	93,074	85,840

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

	Group	
	2002 £'000	2001 £'000
Increase/(decrease) in cash in the year	2,170	(13,656)
Cash outflow from repayment of debt	–	1,856
Movement in net funds/(debt)	2,170	(11,800)
Opening net (debt)/funds	(1,237)	10,563
Closing net funds/(debt)	933	(1,237)

27 Analysis of changes in net funds/(debt)

Group	At 1 August 2001 £'000	Cash flows £'000	At 31 July 2002 £'000
Cash at bank and in hand/(overdraft)	(1,237)	2,170	933

28 Lease commitments

At 31 July 2002 the Group had annual operating lease commitments as follows:

	2002 Land and buildings £'000	2001 Land and buildings £'000
Leases expiring:		
after five years	296	296

29 Commitments and contingent liabilities

a. Capital commitments

At 31 July 2002, capital commitments were:

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Contracted but not provided for	3,763	7,391	–	–

b. Transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, certain additional amounts would be payable by the Group if conditions as to future team selection are met. The maximum that could be payable is £12,548,000 (2001 £5,455,000).

c. Guarantee on behalf of associate

Manchester United PLC has guaranteed a property lease of its associate, Timecreate Limited. The lease term is 35 years with annual rentals of £400,000.

30 Related party transactions

Transactions with related parties are described on pages 29 to 32 in the remuneration report.

There were no other material transactions or balances with related parties as defined by FRS 8 'Related party transactions'.

31 Post balance sheet events

On 1 August 2002 the business and operations of MU 099 Limited (formerly Manchester United Merchandising Limited) were transferred to Nike in accordance with the terms of an agreement which grants Nike certain merchandising, promotional and sponsorship rights (including the use of the trade name Manchester United Merchandising Limited). Certain assets and liabilities of the merchandising operations were transferred at book value to Nike on that date. These assets and liabilities, which are included in the consolidated balance sheet of Manchester United PLC at 31 July 2002, are summarised below:

	£'000
Tangible fixed assets	330
Stocks	64
Debtors	286
Deferred income	(1,043)
	(363)