



Foundation

Annual Report and Financial Statements

Year Ended 30 June 2018

Manchester United Foundation
(A Company Limited by Guarantee)

Charity Number: 1118310

Company Number: 05845172



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Chairman's Review

It's been a fantastic year for Manchester United Foundation. The Foundation has built on its reputation for quality to grow its presence across Greater Manchester.

The enthusiasm, energy and unity of our young people is a window into the future and confirms that Manchester is truly a modern, innovative and vibrant city; rich with culture, opportunity and the potential for youth to thrive.

Each year Manchester United Foundation continues to engage in the region of 18,000 young people through its partnerships with high schools and local community initiatives. Having the trust of our partners is a huge asset. Our dedication to improving circumstances for young people allows communities to develop and grow. Our partnerships also provide sustainability through a long-term investment in youth provision. It's a testament to the Foundation staff that continually engineer positive and inclusive environments across a diverse range of communities.

We are confident that the Foundation will continue to exceed standards and break new ground across all areas of its charitable delivery. I personally look forward to entering our twelfth year of operation with optimism and am energized by the fact that Manchester United Foundation is continuing to make a measurable impact and create life-changing experiences for young people across the region.

Richard Arnold

March 2019





Report of the Trustees for the year ended 30 June 2018

The Trustees present their report and audited consolidated financial statements of Manchester United Foundation (the "Charity" or the "Company" or "MUF") and its subsidiary, Manchester United Foundation (Trading) Limited (the "Trading Subsidiary") (together "the Group") for the year ended 30 June 2018.

This report has been prepared in accordance with the special provisions relating to small companies within Section 415a of the Companies Act 2006. The Company has also taken advantage of the small companies' exemption in section 414b of the Companies Act 2006 from preparing a Strategic Report.

Report of the Trustees for the year ended 30 June 2018 (continued)

Objects and Public Benefit

Objects

The objects of the Charity are:

- To promote community participation in healthy recreation by providing facilities for the playing of football and other sports capable of improving physical health.
 - To provide and assist in providing facilities for sport, recreation and other leisure time occupation of such persons who have need for such facilities by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances, or for the public at large, in the interests of social welfare and with the object of improving their conditions of life.
 - To advance the education of children and young people and provide opportunities for them to develop their full capabilities and enable them to become responsible members of society so that their condition of life may be improved.
 - The furtherance of such a charitable purpose or charitable purposes in any part of the world and if more than one in such proportions and such manner as the Trustees shall from time to time think fit.
-

Our vision, mission and values

The Charity has adopted the following vision, mission and values to enable it to achieve its charitable objects:

Manchester United Foundation uses football to engage and inspire young people to build a better life for themselves and unite the communities in which they live.

Dedicated staff deliver football coaching, educational programmes and personal development, providing young people with opportunities to change their lives for the better.

Our mission is to channel the worldwide passion for Manchester United to influence positive change within communities by:

- Developing unique and relevant partnerships
- Empowering young people through the delivery of innovative and education programmes
- Developing a greater understanding of social issues through education

Our values, in line with those of the club, are:

Responsibility	Harnessing a responsibility for our communities
Respect	Nurturing the unique worth of every individual
Achievement	Providing opportunities for individuals to achieve
Excellence	Building on the traditions of Manchester United
Investment	Ensuring our investment has maximum impact
Passion	Embedding passion in all that we deliver

Public benefit

The Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

Activities, achievements and performance

Manchester United Foundation (the Charity) provides a range of opportunities for young people in line with its charitable objectives. It has created and developed a number of strategic partnerships locally, regionally and nationally in areas of health, education and social justice.

Its strategic delivery is to children and young people between the ages of 5-18. This is through its partner schools, community engagement, girls' development, skills and employability, and football programmes. There are also plans to develop internationally.

The strategies adopted by the Charity, together with the activities and achievements within each area of delivery, are outlined throughout this document.

Report of the Trustees for the year ended 30 June 2018 (continued)



20

schools



5,700+

pupils engaged

Education

High school delivery

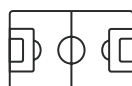
Manchester United Foundation has partnerships with 20 high schools in nine out of the ten boroughs of Greater Manchester.

The project bases full time school partnership officers in high schools in targeted areas to work with pupils, feeder primary schools, and within the local community to build lasting relationships and provide a variety of developmental opportunities for young people.

With a focus on mentoring and leadership, the partner schools team uses the Manchester United brand as a hook to engage pupils to reach their full potential through classroom-based and extra-curricular sessions.

Such provision also links to other Foundation programmes such as female engagement, employability, inclusivity and community engagement.

As of the end of the 2017/18 season, the Foundation had engaged with a total of 5,701 high school pupils throughout the year.



122

**primary pupils on
the Old Trafford pitch**



5,100+

pupils engaged

Primary school delivery

Through dedicated primary school programmes, the Foundation aims to develop and improve the life skills of children aged 5–11 as they embark on a path towards secondary education.

In line with the national curriculum, the Foundation addresses physical literacy, healthy eating, reading attainment, business enterprise and disability awareness in association with the national Premier League Primary Stars initiative. Through strategic partnerships we also support teachers with their continuous professional development.

In 2017/18 we engaged with 5,178 primary school pupils and some children even received the incredible experience of playing on the Old Trafford pitch.



Report of the Trustees for the year ended 30 June 2018 (continued)

Community Engagement

Street Reds

Street Reds uses the power of Manchester United and strategic partnerships to give young people aged 8-18 an opportunity to pursue their interest in playing, leading, coaching and participating in football, educational and diversionary activities – at any level.

Running for 48 weeks of the year these free sessions promote inclusivity and provide regular physical activity, volunteer opportunities and the ability to feel valued as part of a group.

Enriching the lives of those who might otherwise become isolated, the sessions assist in developing a range of soft skills and increase social mobility through inter-project tournaments and activities.

Last season 2,131 participants attended the 12 Street Reds projects across Greater Manchester.

Carrick's Street Reds

Manchester United Foundation has joined forces with ex-player and assistant coach Michael Carrick to relaunch a Street Reds project for young people in his name.

'Carrick's Street Reds' is the first project to be launched by the Michael Carrick Foundation, and will draw on the current model to offer free football sessions to young people at the Old Trafford Sports Barn venue. The project will be funded for the next three years by money raised from Michael's testimonial match in June 2017.

The partnership initiative hopes to pave the way for other current or former players to put their name and support to Foundation projects.





Report of the Trustees for the year ended 30 June 2018 (continued)



21

volunteers completed
the course in 2017/18

Community Engagement (continued)

Volunteer Ninety Nine

Aimed at 16-21 year-olds who are interested in pursuing a career in sport, Volunteer Ninety Nine is designed to provide training, recognised qualifications and work experience.

With a set of personal objectives and opportunities to volunteer at various projects, Manchester United Foundation coaches mentor the volunteers through the three levels, which represent the FA Cup, Premier League and Champions League trophies, to emulate the success of our Treble-winning heroes.

G.O.A.L.

A leadership and development programme for young people on the Threats to Life register, in partnership with Greater Manchester Police (GMP).

The programme was developed in response to a rise in youth crime across the country and a lack of support for young people in Greater Manchester who received a Threats to Life warning notice. The number of young people who were victims as well as perpetrators of violent crime began to increase significantly. The G.O.A.L. programme was therefore set up to help address these issues and provide positive and developmental opportunities for young people across Greater Manchester who were affected.

With opportunities to develop soft skills, gain qualifications, receive mentoring, gain work experience and give back to their communities, G.O.A.L. aims to provide young people with the tools to create positive lifestyles and positive futures.

Whilst aiming for a cohort of 20 the 2017/18 pilot achieved sustained engagement from nine young people with a further seven sporadically taking part. The 2018/19 season will see the programme support 16 young people referred by GMP.

Inclusive Reds

Inclusive Reds is the Foundation's disability sport initiative supported by BT Sport and the Premier League. The programme aims for equal sport and physical activity opportunities for disabled people, their friends and family.

The programme incorporates a powerchair team in association with Sale United FC, a partnership with Cerebral Palsy United, and the established Ability Counts initiative, a PAN-disability football programme for all ages and abilities. Ability Counts focuses on players with a sensory, physical and neurological impairment or disability and sign communicators are present at all sessions.

Throughout the 2017/18 season there has also been a core focus on Unified Football, a Special Olympics GB campaign delivered in partnership with Youth Sport Trust, which joins people with and without learning disabilities on the same team.



150

disabled footballers



643

engaged participants



1

amazing trip to
St. George's Park

Report of the Trustees for the year ended 30 June 2018 (continued)



51%

female participation



97

elite female footballers

Female Engagement

The growth in female participation in Foundation programmes over the 2017/18 season has seen female numbers outweigh males engaged for the first time: 51% of the participants engaged were female. This was in part achieved through dedicated female-only activities in football (grassroots and elite level), through STEM workshops, volunteering and work experience.



Girls' development

As part of our grassroots delivery the Foundation provides girls-only curriculum time sessions which aim to break down social and cultural barriers, provide opportunities to help girls develop stronger employability skills and educate about the importance of leading a healthy lifestyle. In addition, opportunities are provided for girls to take part in football activities and competitions. All aspects of the sessions aim to build confidence in order to reach their full potential.

FA Girls' Regional Talent Club

The Foundation also manages the Manchester United FA Girls' Regional Talent Club (RTC), an elite programme that provides opportunities for girls to play football at the highest level, with the aim of developing them into international players. The RTC works with players aged 9-16 years old and provides an intensive training programme to maximise player potential and team effectiveness.

As a result of their hard work and performances, 12 players have been called up by their respective national teams during the 2017/18 season.





Report of the Trustees for the year ended 30 June 2018 (continued)

Employability and Skills

Developing the employability prospects and associated skill sets of young people is an integral part of the Foundation's outreach. Many young people struggle with the transition from education to the world of work, but by working with partners the Foundation ensures young people have improved awareness, raised aspirations and a realistic pathway towards apprenticeships, further education and employment.

Enterprise Academy

Manchester United Enterprise Academy provides young people with an insight into what it takes for Manchester United to be as successful off the pitch, as they are on it. Bespoke workshops provide enterprise and team-building challenges, inviting pupils to look at the club as a business and develop the skills to become successful themselves.

Students are also offered the opportunity to enter the Premier League Enterprise Challenge, presenting a business idea to members of the club and having the opportunity to work with and compete against students from across the UK representing other Premier League clubs.

187 students engaged in the Enterprise programme throughout the 2017/18 season.

Football

BTEC Sport

Delivered in partnership with Salford City College, the BTEC Sport programme is designed to develop leaders of the future.

It allows students to develop coaching skills and offers real life work-experience opportunities within the sports industry as they complete a number of qualifications and prepare for employment.

Over the 2017/18 season 91 students completed the BTEC Sport course.

Report of the Trustees for the year ended 30 June 2018 (continued)

Fundraising

Activities for generating funds are carried out through the Trading Subsidiary (Manchester United Foundation (Trading) Limited). The board of Manchester United Foundation (Trading) Limited is:

- Virginia Buckley
- Nicholas Booth MVO
- Michael Edelson
- David Maples
- Sean Jefferson
- Alan Dawson MBE
- Philip Lynch (appointed on 9 May 2018)

The board meetings are held quarterly.

The main activities of the Trading Subsidiary during the year were:



2,150

**signed items donated for
fundraising purposes**

Raising funds

The main source of fundraising for the Charity in 2017/18 was the legends match between Manchester United and FC Barcelona, which raised over £402,000. A charity golf day led by former player Ryan Giggs and MUF trustee Michael Edelson also raised £27,500.

An executive lottery continues to operate in hospitality suites on a match day under gambling legislation and reporting to the Gambling Commission. In the 2017/18 season the lottery achieved a profit of £234,000.



2,400

**Match tickets donated
to projects and charities**

Charity services

Manchester United Foundation (Trading) Limited manages the distribution of signed merchandise in response to requests from third party charities for their own fundraising purposes. The Trading Subsidiary has a service level agreement with Manchester United Football Club Limited whereby, in return for fees of £158,346 (2017: £153,735), the Trading Subsidiary agrees to manage Manchester United Football Club Limited's relationships with third party charities seeking support from Manchester United Football Club Limited.

In 2017/18 the management service covered the distribution, free of charge, of 2,150 (2017: 2,371) signed items including balls, shirts, pennants and photographs in response to requests from third party charities. The Foundation also donates match tickets to partner schools and projects, as well as to deserving fans in need of support at a difficult time.

Global charity partnership - United for Unicef

Manchester United Foundation (Trading) Limited also manages the club's global charity partnership with Unicef, under the 'United for Unicef' brand, which is currently in contract until 31 July 2019.



£4m+

raised in total



United for Unicef was launched in 1999 and is the longest running collaboration between a sports club and a global children's organisation. To date, the club has raised over £4 million helping millions of children worldwide.

Over the past two seasons, funds raised by United for Unicef have been donated towards Unicef's vital work in Thailand to support education programmes for children with limited or no access to schooling. These children are among the most disadvantaged and vulnerable children in Thailand.

Report of the Trustees for the year ended 30 June 2018 (continued)

Financial review



83p

**For every £1, 83p
is spent on
charitable activity***

The overall position for Manchester United Foundation for the year is a surplus of £600,733 (2017: £435,634) which leaves reserves of £3,763,736 (2017: £3,163,003). This includes a profit before tax from its trading subsidiary of £405,606 (2017: £6,386). Profits from its trading subsidiary are wholly gift aided to the Charity.

The Trustees are grateful to Manchester United Football Club Limited for Gifts in Kind for the services provided in relation to human resources, information technology, finance/payroll, legal and maintenance, together with the provision of kit and equipment and a discretionary staff bonus. This equates to an estimated monetary value of £708,523 (2017: £399,126). The increase in Gifts in Kind during the year is largely due to use of the stadium for the home legends match in September 2017.

As the Charity has grown, we have identified new grant funds along with new fundraising ventures such as overseas legends matches. Manchester United Foundation is well placed to benefit from future grants for community delivery and fundraising opportunities.

As part of the review of the Charity's performance the Trustee's reviewed the level of charitable spend compared with charitable and net trading income. Net trading income is defined as the net income generated by the Charity and is the net of trading income generated, less the costs associated with that income, which are mostly related to fundraising activities. Both trading income and trading costs are disclosed in the notes to the financial statements.

Charitable income represents all other income of the Charity and charitable spend represents the funds used by the Charity for charitable purposes. Both charitable income and charitable spend are disclosed in the notes to the financial statements.

For the year ended 30 June 2018, 83p in the pound of charitable and net trading income was spent on charitable activities (2017: 85p in the pound). The decrease in 2018 reflects the surplus funds generated in the year to support charitable activities going forwards.

The Trustees remain satisfied with the ratio of charitable spend to charitable and net trading income but will continue to monitor this in future years as part of assessing the performance and contribution of the Charity.



Report of the Trustees for the year ended 30 June 2018 (continued)

Financial review (continued)

Investment powers and policy

Under the Memorandum and Articles of Association, the Charity has the power to invest funds at the direction of the Trustees. The investment powers may be delegated to a professional investment manager.

The Trustees intend to maintain the real value of the Charity's funds. They do not invest in products with significant volatility and risk and have agreed a policy of maximising returns on cash deposits is the most sensible method. This gives a fixed return with minimal risk to capital.

Reserves policy

The Trustees have established the level of reserves (that is those funds that are freely available) that the Charity ought to have. The Trustees deem it to be prudent to hold a reserve in order that the Charity can continue its objects should there be a short-term reduction in funding.

The Trustees have sought to establish new funding streams for the coming financial year to ensure that reserves remain intact. As the Charity's activities grow, and operational costs increase, the Trustees will make the appropriate decisions to alter the reserves year on year. The Trustees make the commitment that at any time the reserves will aim to be between approximately 6 and 12 months of anticipated operating costs.





Report of the Trustees for the year ended 30 June 2018 (continued)

Plans for the future

The Charity plans to develop programmes and relationships and to continue to establish and develop partnerships with local organisations in order to further its objectives. The specific plans for each area of the business are as follows:

Education

- To expand our network of partner high schools across Greater Manchester ensuring representation in all ten boroughs of the Combined Authority.
- Deliver more impactful and measurable programmes.
- Look to accredit programmes through recognised and credible bodies.
- Through local partnerships reach more Greater Manchester primary schools to deliver healthy eating, reading and physical literacy programmes.
- Develop a network of partnerships with special schools to support children and young people with special educational needs and disabilities.

Community Engagement

- To operate, expand and enhance our community engagement and other accessible projects that target young people in challenging circumstances via diversionary activities.
 - Expand the opportunity to take part in physical activity, volunteer initiatives and programmes that lead to qualifications and employment.
 - Continue with the expansion of our Inclusive Reds (disability and inclusion) programme that was launched in September 2018, providing sport and physical activity for disabled people, their friends and family.
 - Further develop the culture of inclusivity across the Foundation through education and the provision of more opportunities for staff, participants and volunteers.
-

Female Engagement

- Expand and further develop tangible activities that engage, provide participation and retain girls in safe activities that inspire, promote physical activities and healthier lifestyles.
- To continue to develop and deliver the girls' football programme to a higher number of participants through school-based programmes, community engagement initiatives and partnerships with local football leagues.
- Provide dedicated female activities via football and non-football activities, including but not limited to STEM events, volunteering, work experience and education.
- Following the Club's decision to launch a women's team, MUFT will operate the Manchester United Girls Regional Talent Club, on behalf of the Club, in the 2018/19 season. This will form part of the service level agreement with the Club and a fee for this delivery will be charged to the Club.

Report of the Trustees for the year ended 30 June 2018 (continued)

Employability and Skills

- Enhance the Employability and Skills division's projects and initiatives through long-term partnerships with employers, apprentice providers and further education establishments.
- To enrich our long-term partnership with a further education college through the employability and skills programme.
- Further develop the Enterprise programme in collaboration with key partners in order to enhance quality and have a greater reach participant wise.



Football

- To enrich our long-term partnership with a further education college through football education.
- To work across all Foundation departments to oversee and ensure all football provision continues to be delivered to the highest standard.

Charity

- To continue to manage the relationship with partner charity organisations with the object of improving the conditions of the lives of young people.
- To continue to distribute items of merchandise, signed by the Manchester United first team, in response to requests from third party charities.

Fundraising

- To continue developing proactive relationships with club sponsors.
- To create an exclusive group of high net worth donors who look to support the work of the Foundation.
- To develop new revenue streams through the Trading Subsidiary, in particular to increase the executive lottery revenue on match days.
- To develop new Foundation projects that create awareness of the Foundation and also opportunity to raise funds, including:
 - Overseas legends matches
 - Fundraising dinners – both nationally and internationally
 - Stadium-wide events such as legends' matches.



Report of the Trustees for the year ended 30 June 2018 (continued)

Structure, governance and management

Introduction

Manchester United Foundation was incorporated on 13 June 2006, and obtained charitable status on 9 March 2007. The following report covers the year ended 30 June 2018 for the Foundation operating with charitable status.

Governing document

Manchester United Foundation is a company limited by guarantee governed by its Memorandum and Articles of Association revised on 9 January 2014. It is a charity registered with the Charity Commission.

Appointment of Trustees

Trustees are elected by the members. Membership of the Charity is open to Trustees of the Charity and each Trustee will automatically become a member on his/her appointment to the Charity.

As set out in the Articles of Association, the Chair of the Trustees is nominated by the Trustees. A majority of the Trustees in office from time to time must be Independent Trustees (independent being defined as not a director or employee of Manchester United Football Club Limited or any of its fellow group companies). Trustees are appointed for a period of three years and thereafter one third of the Trustees retire in rotation, the first to retire being those who have been in office the longest.

The Trustees may at any time co-opt any person duly qualified to be appointed as a Trustee to fill a vacancy in their number or as an additional Trustee; however a co-opted Trustee only holds office until the next AGM, when the appointment is confirmed by the members.

Trustee induction and training

Trustees undergo training led by specialist charity lawyers to brief them on their legal obligations under Charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes.

Prior to this training session, Trustees have the opportunity to meet key members of staff who are responsible for each operational department.

Organisation

A chief executive is appointed by the Trustees to manage the day-to-day operations of the Charity. To facilitate effective operations, the chief executive has delegated authority, within the terms of the delegation approved by the Trustees, for operational matters including programme management and delivery, finance and human resources.

Related parties

The Charity's wholly owned subsidiary, Manchester United Foundation (Trading) Limited ("the Trading Subsidiary") was incorporated on 21 March 2006. The purpose of the Trading Subsidiary is to operate commercial activities, the profits from which are donated under a deed of covenant to the Charity for charitable purposes.

The Charity is supported by Manchester United Football Club Limited Limited (MUFC), in that the Charity has a licence to use MUFC's brand, and also certain rights to use the Club's ground at Old Trafford. During the year Manchester United Football Club Limited provided the following services to the Charity.

- MUFC processed the Charity's payroll for the year for a total value of £2,337,213 (2017: £2,004,920) which the Charity repays in full to MUFC with the exception of a discretionary bonus of £125,253 (2017: £113,624) which is included in the Gifts in Kind figure disclosed in note 9. No service charge or mark-up fee was paid to MUFC by the Charity for the provision of this service. The amount owing to MUFC by the Charity in relation to payroll repayments at year end was £180,993 (2017: £729,527).
- Other payments made by the Charity to MUFC during the year amounted to £173,407 (2017: £116,373) including rental of facilities and recharge of costs incurred on the Charity's behalf. The amount owing to MUFC by the Charity in relation to these payments at year end was £433 (2017: £588).
- Other payments made by MUFC to the Charity amounted to £254,091 (2017: £224,093). The amount owing by MUFC to the Charity at the year end was £29,842 (2017: £3,690).
- The Charity paid MU RAML Limited £1,436 during the year (2017: £20,046), principally in relation to branded kit and merchandise.
- Richard Arnold is a Trustee of the Foundation, and a director of Manchester United Football Club Limited Limited, MUTV Limited and MU RAML Limited.
- Michael Edelson is a Trustee of the Foundation, a director of Manchester United Foundation (Trading) Limited and a director of Manchester United Football Club Limited.

David Maples is a Trustee of the Foundation, a director of Manchester United Foundation (Trading) Limited and a partner at Brabners LLP, the Foundation's solicitors. The Charity paid Brabners LLP £1,475 (2017: £1,242) during the year in respect of legal and company secretarial services.

Tarun Kapur CBE is a Trustee of the Foundation, the chief executive (Education) & Academy Principal of five schools, Broadoak School, Dean Trust Ardwick, Dean Trust Wigan, Forest Gate Academy and Partington Central Academy, in which the Foundation works and chairman of the Football Association/Premier League Facilities Panel. The payment made by all five schools during the year was £56,995 (2017: £18,750).

John Shiels, the chief executive officer, is a trustee of the Dean Trust, which runs five schools in which the Foundation works.

None of the trustees receive any remuneration.

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Trustee indemnity insurance covers the Trustees against personal liability for corporate or management claims that may be made against them.

The Charity, through its Trading Subsidiary, continues to manage the Club's charitable partnerships and signed merchandise requests, generating income of £158,346 (2017: £153,735).



Report of the Trustees for the year ended 30 June 2018 (continued)

Risk management

The Trustees are aware of factors both within and outside the Charity's control that are relevant to the achievement of its objectives including relationship with employees, key partners and funders and have a risk management strategy in place which comprises:

- An annual review of the risks the Charity may face.
 - A quarterly review of the risks at each Trustee meeting.
 - The establishment of systems and procedures to mitigate those risks identified.
 - The implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.
-

Principal risks and uncertainties

- The Foundation relies on income streams affected by the economic climate and Government spending policies. Fluctuations in these spending patterns may adversely affect the level of funding available to the Foundation. In consideration of this risk the directors continue to seek alternative funding sources to minimise the impact from this risk and ensure reserves remain intact.
- The Foundation relies heavily on income sourced from its largest single fundraising event (legends' matches). There is a risk that this match might not happen or deliver as much profit as expected. In consideration of the risk, directors continue to promote this event with other large clubs across the world to ensure the event remains successful for both footballing parties and will look to seek new income streams to ensure they are not solely reliant on this one source of income.
- The Foundation continually monitors its safeguarding practices to ensure they remain of utmost importance across all delivery areas. The Foundation ensures that all staff are suitably qualified and trained in this area and regularly review the policy and procedure to ensure all risk areas are covered.

Report of the Trustees for the year ended 30 June 2018 (continued)

Statement of Trustees' responsibilities

The Trustees (who are also directors of Manchester United Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company/group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015).
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Report of the Trustees for the year ended 30 June 2018 (continued)

Statement of disclosure of information to auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the company's auditors are unaware.
 - The Trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.
-

Independent auditors

A resolution has been proposed at the Annual General Meeting that PricewaterhouseCoopers LLP be re-appointed as auditors to the Charity for the financial year ended 30 June 2019.

On behalf of the Trustees



Richard Arnold
Chair of Trustees
March 2019

Manchester United Foundation (A Company Limited by Guarantee)
Charity Number: 1118310
Company Number: 05845172

Reference and administrative details

Organisational details

Registered Charity Number 1118310
Registered Company Number 05845172

Registered Office

26 Sir Matt Busby Way
Old Trafford
Manchester
Lancashire M16 0RA

Bankers

NatWest
Manchester City Centre Branch
19 Market Street
Manchester M1 1WR

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Square
Manchester M3 3EB

Solicitors

Brabners LLP
Horton House
Exchange Flags
Liverpool L2 3YL

Directors and Trustees

The directors of the charitable company (“the Charity” or “The Foundation”) for the purpose of Charity law are its Trustees and throughout this report are collectively referred to as the Trustees.

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Chair of Trustees:

Richard Arnold is the Chair of Trustees for the Foundation

Trustees:

John Arnold	(Independent)
Tom Bloxham MBE	(Independent)
Virginia Buckley	(Independent)
Michael Edelson	
Eamonn Holmes OBE	(Independent)
Tarun Kapur CBE	(Independent)
David Maples	(Independent)
Philip Townsend (Deputy Chairman)	(Resigned 31st May 2018)

Chief Executive

John Shiels is chief executive for the Foundation.

Independent auditors' report to the members of Manchester United Foundation

Report on the audit of the financial statements

Opinion

In our opinion, Manchester United Foundation's group financial statements and parent charitable company financial statements (the "financial statements"):

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 30 June 2018 and of its incoming resources and application of resources, including its income and expenditure, and of the group's and parent charitable company's cash flows, for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Charitable Company Balance Sheets as at 30 June 2018; the Consolidated Statement of Financial Activities including an Income and Expenditure Account, and the Consolidated and Charitable Company Statements of Cash Flows for the year then ended; and the notes to the financial statement which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence:

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- The Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the Trustees:

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Report of the Trustees has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Trustees. We have nothing to report in this respect.

Independent auditors' report to the members of Manchester United Foundation (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' responsibilities set out on page 32, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Report of the Trustees; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Imran Anwar (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Manchester

March 2019

Consolidated Statement of Financial Activities including an Income and Expenditure Account for the year ended 30 June 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Income and endowments from:					
- Donation and legacies	2	1,545,149	-	1,545,149	1,192,778
- Charitable activities	3	252,356	1,528,377	1,780,733	1,694,411
- Other trading activities	4	1,388,133	192,963	1,581,096	992,238
- Investments	5	4,704	-	4,704	9,041
Total		3,190,342	1,721,340	4,911,682	3,888,468
Expenditure on:					
Raising funds	6	(1,252,340)	(170,633)	(1,422,973)	(1,053,581)
Charitable activities	7	(238,002)	(2,648,988)	(2,886,990)	(2,400,049)
Total		(1,490,342)	(2,819,621)	(4,309,963)	(3,453,630)
Net income / (expenditure) before tax		1,700,000	(1,098,281)	601,719	434,838
Taxation	8	(986)	-	(986)	796
Net income / (expenditure) after tax		1,699,014	(1,098,281)	600,733	435,634
Transfers between funds		(1,098,281)	1,098,281	-	-
Net movement in funds		600,733	-	600,733	435,634
Reconciliation of Funds					
Total funds brought forward at 1 July		3,163,003	-	3,163,003	2,727,369
Total funds carried forward at 30 June	17	3,763,736	-	3,763,736	3,163,003

All incoming resources and resources expended are derived from continuing activities in the current and prior year. The notes on pages 47 to 63 form part of these financial statements.

The transfer between restricted and unrestricted funds represents the charitable funding required to deliver restricted projects to the agreed levels.

Consolidated Balance Sheet as at 30 June 2018

	Note	At 30 June 2018 £	At 30 June 2017 £
CURRENT ASSETS			
Debtors	12	724,136	489,114
Cash and cash equivalents		4,402,982	4,444,497
TOTAL CURRENT ASSETS		5,127,118	4,933,611
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13/14	(1,363,382)	(1,770,608)
NET CURRENT ASSETS		3,763,736	3,163,003
NET ASSETS		3,763,736	3,163,003
THE FUNDS OF THE CHARITY			
Restricted income funds	17	-	-
Unrestricted income funds	17	3,763,736	3,163,003
TOTAL CHARITY FUNDS	17	3,763,736	3,163,003

The notes on pages 47 to 63 form part of these financial statements.

The Financial Statements on pages 42 to 63 were approved by the Board of Trustees on 2 March 2019 and signed on its behalf by



Richard Arnold
Chair of Trustees
March 2019

Manchester United Foundation (A Company Limited by Guarantee)

Charity Number: 1118310

Company Number: 05845172

Charitable Company Balance Sheet as at 30 June 2018

	Note	At 30 June 2018 £	At 30 June 2017 £
FIXED ASSETS			
Investments	11	<u>1</u>	<u>1</u>
CURRENT ASSETS			
Debtors	12	1,329,521	1,163,830
Cash and cash equivalents		3,681,612	3,569,977
TOTAL CURRENT ASSETS		5,011,133	4,733,807
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	13/14	(1,247,398)	(1,570,805)
NET CURRENT ASSETS		3,763,735	3,163,002
NET ASSETS		3,763,736	3,163,003
THE FUNDS OF THE CHARITY			
Restricted income funds	17	-	-
Unrestricted income funds - current year	17	600,733	435,634
Unrestricted income funds - brought forward	17	3,163,003	2,727,369
Total charity funds	17	3,763,736	3,163,003

The notes on pages 47 to 63 form part of these financial statements.

The Financial Statements on pages 40 to 61 were approved by the Board of Trustees on 2 March 2019 and signed on its behalf by



Richard Arnold
Chair of Trustees
March 2019

Manchester United Foundation (A Company Limited by Guarantee)

Charity Number: 1118310

Company Number: 05845172

Consolidated Statement of Cash Flows

for the year ended 30 June 2018

	Note	2018 £	2017 £
Net income for the reporting year (as per the statement of financial activities)		600,733	435,634
Adjustments for:			
Dividends, interest from investments		(4,704)	(9,041)
(Increase)/decrease in debtors		(235,022)	196,669
(Decrease)/increase in creditors		(407,226)	771,077
Net cash generated (used in)/from operating activities		(46,219)	1,394,339
		2018 £	2017 £
Cash flows from operating activities			
Net cash (used in) / generated from operating activities		(46,219)	1,394,339
Cash flow from investing activities			
Dividends and interest from investments	5	4,704	9,041
Net cash generated from investing activities		4,704	9,041
Net (decrease) / increase in cash and cash equivalents		(41,515)	1,403,380
Cash and cash equivalents at the beginning of the reporting year		4,444,497	3,041,117
Cash and cash equivalents at the end of the reporting year		4,402,982	4,444,497

Charitable Company Statement of Cash Flows for the year ended 30 June 2018

	2018 £	2017 £
Net income for the reporting year (as per the statement of financial activities)	600,733	435,634
Adjustments for:		
Dividends, interest from investments	(3,933)	(7,350)
(Increase)/decrease in debtors	(165,691)	37,259
(Decrease)/increase in creditors	(323,407)	617,057
Net cash generated (used in)/from operating activities	107,702	1,082,600
	2018 £	2017 £
Cash flows from operating activities		
Net cash generated from operating activities	107,702	1,082,600
Cash flow from investing activities		
Dividends and interest from investments	3,933	7,350
Net cash generated from investing activities	3,933	7,350
Net increase in cash and cash equivalents	111,635	1,089,950
Cash and cash equivalents at the beginning of the reporting year	3,569,977	2,480,027
Cash and cash equivalents at the end of the reporting year	3,681,612	3,569,977

Notes to the financial statements for the year ended 30 June 2018

1. ACCOUNTING POLICIES

General information

Manchester United Foundation is a company limited by guarantee (Companies House No. 05845172) and a registered charity (Registered Charity No. 1118310). It is incorporated and domiciled in the UK. The address of its registered office is 26 Sir Matt Busby Way, Old Trafford, Manchester, Lancashire, M16 0RA.

The principal activities of the Charity are mentioned in the Report of the Trustees.

Statement of compliance

The consolidated and individual financial statements of Manchester United Foundation have been prepared in accordance with Accounting and Reporting financial statements by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Summary of significant accounting policies

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

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis in accordance with historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates

are significant to the financial statements are disclosed in critical accounting judgements and key source of estimation uncertainty.

The Charity constitutes a public benefit entity as defined by FRS 102.

Going concern

On the basis of their assessment of the group's financial position and resources, the trustees believe that the group is well placed to manage its business risks. Therefore the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approving these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The consolidated financial statements include Manchester United Foundation and its subsidiary Manchester United Foundation (Trading) Limited, applying the acquisition method of accounting. Intra-group transactions are eliminated on consolidation. Uniform accounting policies are adopted across the group.

No profit and loss account is presented for Manchester United Foundation, as provided by section 408 of the Companies Act 2006. The gross income/turnover of the Company is £3,118,720 (2017: £2,872,609) and the result of the Company is a profit for the financial year of £196,114 (2017: £428,452), determined in accordance with the Act. This result is before tax and gift aid.

Notes to the financial statements for the year ended 30 June 2018

1. ACCOUNTING POLICIES (continued)

Income recognition

All income is recognised once the Charity has entitlement to the income, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income represents the amount derived from all fundraising and charitable activities and arises in the United Kingdom and overseas.

Donations received

Donations are recognised in the financial statements where entitlement is demonstrable and are credited to Unrestricted Funds unless they are made for specific beneficiaries in which case they are credited to Restricted Funds.

Sponsorship income

Sponsorship income is recognised based on the Charity's right to the income and therefore is recognised in line with the payment schedule contained within the contract. Sponsorship income is recorded in 'Donation and legacies' and credited to Unrestricted Funds.

Grants and payment for services

Grants and payment for services (including Management Services and Charity Partner Management) are recognised when there are no external factors outside the control of the Charity that would prevent it being received, and are recognised only as deferred income when there are conditions imposed that specify the time period in which the expenditure can be made. Grant income is recorded in 'Income and endowments from Charitable activities' and 'Other trading activities'.

Bank interest

Bank interest is recognised in the financial statements on the accruals basis, and is credited to Investments within Unrestricted Funds.

Income from fundraising activities

Income from fundraising events (including lotteries income) is credited to Other trading activities and costs are shown within Raising funds.

Tax exemption

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Resources expended

Charitable expenditure comprises expenditure that is directly attributable to activities in furtherance of the Charity's objects, included on an accruals basis. Irrecoverable VAT is included within the appropriate expenditure category. The policy for including items within the following activity categories of resources expended are detailed as follows:

- Expenditure on Raising Funds: This includes the costs of the fundraising activities which include lotteries, the Charities management contract and legends matches;
- Charitable activities: This includes the Partner Schools programmes, the community engagement, our Girls' Development programmes and a range of smaller ad hoc community delivery projects;
- Group overheads are allocated based on the level of resources expended within each of the above areas.

Gifts in kind

Expenditure in relation to the Charity borne by Manchester United Football Club Limited has been attributed and allocated to each expenditure category according to where the Gifts in Kind were expended. The corresponding income benefit being recorded under 'Donation and legacies'. Gifts in Kind have been valued at management's estimate of the cost of an equivalent supply.

Notes to the financial statements for the year ended 30 June 2018

1. ACCOUNTING POLICIES (continued)

Restricted funds

Restricted funds held at the year-end relate to grant aided projects. The grant income has been received and is to be used for a specific purpose, according to the grant agreement. All expenditure on grant aided projects is shown as restricted funds, resulting in a deficit position at the year-end. The transfer between restricted and unrestricted funds represents the charitable funding required to deliver these projects to the agreed levels.

There are sufficient resources to comply with the stipulations of the grant agreements. All restricted funds are held as cash and cash equivalents.

Unrestricted funds

Unrestricted funds held at the year-end relate to monies held that can be expended on any of the charitable aims of the Charity. All unrestricted funds are held as cash and cash equivalents.

Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans

The Charity participates in The Manchester United Group Pension Scheme, a defined contribution scheme. The assets of the scheme are in a separate trustee-administered fund.

For defined contribution schemes the amount charged to the income and expense account in respect of pension costs is the contribution payable in the year. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet.

The costs of this scheme are charged to the Statement of financial activities as incurred. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Investments - company

Investment in subsidiary is held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less

Notes to the financial statements for the year ended 30 June 2018

1. ACCOUNTING POLICIES (continued)

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other debtors and cash and cash equivalents are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in income & expenditure.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in income & expenditure.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivatives financial instruments.

Related party transactions

The Charity has taken exemption under paragraph 33.1A of FRS 102 from disclosing transaction with wholly owned entities.

Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The Trustees do not consider there to be any areas where accounting policies or estimates are critical to the preparation of the financial statements.

Notes to the financial statements for the year ended 30 June 2018

2. INCOME AND ENDOWMENTS FROM: DONATION AND LEGACIES

	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Sponsorship	400,000	360,000
Community Shield	-	27,000
Other charitable donations received	436,626	406,652
Gifts in kind	708,523	399,126
	1,545,149	1,192,778

Donation and legacies are wholly unrestricted. The increase in Gifts in Kind during the year is largely due to the use of the pitch for the home legends match in September 2017.

3. INCOME AND ENDOWMENTS FROM: CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Football	-	196,405	196,405	181,150
Community cohesion	-	160,187	160,187	152,818
High School Delivery	-	686,727	686,727	689,968
Primary School Delivery	-	229,098	229,098	138,700
Education – Other	134,120	119,981	254,101	283,896
Premier League 4 Sport	-	-	-	12,500
Other grants and income	118,236	135,979	254,215	235,379
	252,356	1,528,377	1,780,733	1,694,411

Notes to the financial statements for the year ended 30 June 2018

4. INCOME AND ENDOWMENTS FROM: OTHER TRADING ACTIVITIES

	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Lotteries	293,130	326,518
Auction proceeds	123,500	95,000
Treks	3,413	-
Charity partner management	158,346	153,735
Home legends matches	917,215	1,747
Overseas legends matches	-	357,026
Other activities	85,492	58,212
	1,581,096	992,238

Charity partner management income of £158,346 (2017: £153,735), payable by Manchester United Football Club Limited, are restricted funds relating to management of the Club's Charity partners. A further £10,000 for Unicef donation (2017: £10,287) and £24,617 (2017:£nil) for Disability Services to Club within Other activities are also treated as restricted funds.

5. INCOME AND ENDOWMENTS FROM: INVESTMENTS

	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Investment income received on cash deposits	4,704	9,041

Investment income is wholly unrestricted.

Notes to the financial statements for the year ended 30 June 2018

6. EXPENDITURE ON: RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Staff costs	188,065	64,354	252,419	252,555
Group overhead apportionment	253,678	35,263	288,941	316,665
Fundraising events	455,291	33,370	488,661	343,152
Departmental overheads	25,193	-	25,193	14,545
Gifts in Kind	330,113	37,646	367,759	126,664
	1,252,340	170,633	1,422,973	1,053,581

7. EXPENDITURE ON: CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Football	-	429,947	429,947	310,500
Community Cohesion	-	366,566	366,566	338,664
High School Delivery	-	1,166,378	1,166,378	1,077,988
Primary School Delivery	-	348,395	348,395	176,308
Education – Other	166,170	216,318	382,488	311,188
Premier League 4 Sport	-	-	-	5,282
Other community delivery	71,832	121,384	193,216	180,119
	238,002	2,648,988	2,886,990	2,400,049

Included in the above are direct costs, overhead apportionment, and staff costs relating to charitable activities. Overheads have been apportioned on the estimated value of services/goods consumed in each area.

Notes to the financial statements for the year ended 30 June 2018

8. TAXATION

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The tax assessed for the year is lower than (2017: lower than) that resulting from applying the standard effective rate of corporation tax in the UK for the year ended 30 June 2018 of 19% (2017: 19.75%).

	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Current tax:		
UK Corporation tax on income and expenditure for the year	75,964	2,248
Less: Gift Aid	(75,964)	(1,418)
Total current tax	-	830
Deferred tax:		
Origination and reversal of timing differences	1,101	(987)
Adjustment in respect of previous periods	-	(868)
Effect of changes in tax rates	(115)	229
	986	(1,626)
Total tax per income and expenditure account	986	(796)

Notes to the financial statements for the year ended 30 June 2018

8. TAXATION (continued)

	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Net income/expenditure before tax	601,719	434,838
Less: Charitable exceptions	(196,113)	(428,452)
Taxable income	405,606	6,386
Tax on profit at standard UK tax rate of 19% (2017: 19.75%)	77,065	1,261
Effects of:		
Adjustment from previous periods	-	(868)
Tax rate changes	(115)	229
Effect of gift aid	(75,964)	(1,418)
Current tax credit for the year	986	(796)

Changes to the UK corporation tax rates have been enacted. These include reductions to the main rate to reduce the rate to 19% from 1 April 2018 and to 17% from 1 April 2020.

Deferred tax (assets)/liabilities:	2018 £	2017 £
Provision at start of period	(1,626)	(129)
Adjustment in respect of prior years	-	(739)
Deferred tax charge to income statement in the period	986	(758)
Provision at end of period	(640)	(1,626)

Notes to the financial statements for the year ended 30 June 2018

9. TOTAL WAGES AND SALARIES

The following staff costs are included within Expenditure on the Income & Expenditure Account. A bonus (included within Wages and salaries below) of £125,253 (2017: £113,624) relates to a discretionary bonus paid to the Foundation staff by Manchester United Football Club Limited and is included in the Gifts in Kind figure within the relevant expenditure category.

	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Wages and salaries	2,152,868	1,932,726
Social security costs	189,602	164,451
Other pension costs (note 20)	140,637	128,959
	2,483,107	2,226,136
Monthly average number of employees in the year:	2018	2017
	Number	Number
Operational Employees	62	54

The employee numbers noted above relate to staff on contracts, not casual terms of engagement.

Key management compensation

Key management includes the members of senior management. The compensation paid or payable to key management for employee services is shown below:

	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Salaries and other short-term benefits	417,547	362,952
	417,547	362,952

The increase in key management costs relates to the recruitment of a Head of Fundraising during the year.

Notes to the financial statements for the year ended 30 June 2018

9. TOTAL WAGES AND SALARIES (continued)

The number of higher paid employees was:

	2018 Number	2017 Number
£70,000 - £80,000	1	1
£110,000 - £120,000	1	1

Total pension contribution for the members of staff earning in excess of £60,000 was £23,113 (2017: £22,139).

10. TRUSTEES' EXPENSES

The total expenses of the trustees were £1,339 (2017: £3,671). None of the trustees received any remuneration during the year (2017: none). Three (2017: five) trustees were reimbursed travel expenses to attend trustees' meetings

Notes to the financial statements for the year ended 30 June 2018

11. INVESTMENTS

	As at 30 June 2018 £	As at 30 June 2017 £
Charity		
Investment in subsidiary	1	1

The Charity owns the entire share capital of Manchester United Foundation (Trading) Limited (“the Trading Subsidiary”). The Trading Subsidiary has an issued share capital of one ordinary share of £1 and was incorporated in England on 13 June 2006 (Registration Number 05750031). The registered address of the Trading Subsidiary is: 26 Sir Matt Busby Way, Old Trafford, Manchester, Lancashire M16 0RA.

The main activities of Manchester United Foundation (Trading) Limited include match day lotteries, a service contract managing the charity partners of Manchester United Football Club Limited and various fundraising projects e.g. auctions, legends matches. A summary of the balance sheet and profit and loss account for Manchester United Foundation (Trading) Limited is as follows:

	As at 30 June 2018 £	As at 30 June 2017 £
Total assets	743,088	890,881
Total liabilities	(743,087)	(890,880)
Net assets	1	1

	Year to 30-Jun-18 £	Year to 30-Jun-17 £
Turnover	1,792,961	1,015,859
Expenditure	(1,387,355)	(1,009,473)
Profit on ordinary activities (before taxation and Gift Aid donation to the Charity)	405,606	6,386

Notes to the financial statements for the year ended 30 June 2018

12. DEBTORS

	Group		Charity	
	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017
	£	£	£	£
Trade debtors	354,560	94,163	353,568	89,428
Deferred tax	640	1,626	-	-
Amount owed by group undertakings	-	-	627,103	691,077
Other debtors	368,936	393,325	348,850	383,325
	724,136	489,114	1,329,521	1,163,830

The trade debtor balance owing by Manchester United Football Club Limited at 30 June 2018 was £29,842 (2017: £3,690). Within other debtors is accrued income of £323,244 (2017: £245,000) in respect of donations from Manchester United Football Club Limited from the Soccer Aid match. The amounts owed by group undertakings are unsecured, interest free, and repayable on demand. The Trustees consider the carrying value of trade and other debtors to be the same as the book value due to their short term nature. Deferred tax relates to plant pool assets.

13. TRADE AND OTHER CREDITORS

	Group		Charity	
	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017
	£	£	£	£
Trade creditors	8,389	29,863	1,500	13,533
Corporation tax	-	830	-	-
Other creditors	187,939	8,837	180,288	8,837
	196,328	39,530	181,788	22,370

The trade creditors balance payable to Manchester United Football Club Limited at 30 June 2018 was £433 (2017: £25,532). The Trustees consider the carrying value of trade and other creditors to be the same as the book value due to their short term nature.

Notes to the financial statements for the year ended 30 June 2018

14. ACCRUALS AND DEFERRED INCOME

	Group		Charity	
	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017
	£	£	£	£
Deferred Income				
School Hubs	244,008	204,169	244,008	204,169
Community Cohesion	40,133	33,171	40,133	33,171
Sponsorship	470,000	400,000	470,000	400,000
Other Deferred Income	70,807	76,831	70,807	76,831
	824,948	714,171	824,948	714,171
Accruals	342,106	1,016,907	240,662	834,264
	1,167,054	1,731,078	1,065,610	1,548,435

Deferred Income Movements:

	Group		Charity	
	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	As at 30 June 2017
	£	£	£	£
Deferred Income at the beginning of the year	714,171	522,600	714,171	522,600
Amounts released from previous years	(714,171)	(522,600)	(714,171)	(522,600)
Incoming resources deferred in the current year	824,948	714,171	824,948	714,171
Deferred Income at the end of the year	824,948	714,171	824,948	714,171

Deferred Income, in both the Group and Charity, represents income received and receivable prior to the year end in respect of future periods.

Notes to the financial statements for the year ended 30 June 2018

15. FINANCIAL INSTRUMENTS

	Group		Charity	
	As at 30	As at 30	As at 30	As at 30
	June 2018	June 2017	June 2018	June 2017
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost:				
Trade debtors	354,560	94,163	353,568	89,428
Other debtors	368,936	393,325	348,850	383,325
Amounts owed by group undertakings	-	-	627,103	691,077
Cash at bank and in hand	4,402,982	4,444,497	3,681,613	3,569,977
	5,126,478	4,931,985	5,011,134	4,733,807

	Group		Charity	
	As at 30	As at 30	As at 30	As at 30
	June 2018	June 2017	June 2018	June 2017
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost:				
Trade debtors	354,560	94,163	353,568	89,428
Other debtors	368,936	393,325	348,850	383,325
Amounts owed by group undertakings	-	-	627,103	691,077
Cash at bank and in hand	4,402,982	4,444,497	3,681,613	3,569,977
	5,126,478	4,931,985	5,011,134	4,733,807

Notes to the financial statements for the year ended 30 June 2018

16. STATUS OF THE GUARANTEE

The company is limited by guarantee and has no share capital. The liability of the trustees as members is limited by guarantee to not more than £1

17. NET MOVEMENT IN FUNDS

	Unrestricted income funds £	Restricted income funds £	Total Charity Funds £
Group and Charity			
Total funds brought forward at 1 July 2017	3,163,003	-	3,163,003
Net incoming/(outgoing) resources before transfers	1,699,014	(1,098,281)	600,733
Gross transfers between funds	(1,098,281)	1,098,281	-
Total funds carried forward at 30 June 2018	3,763,736	-	3,763,736

All expenditure on grant aided projects is shown within restricted funds, resulting in a deficit position at the year-end. The transfer between restricted and unrestricted funds represents the charitable funding required to deliver these projects to the agreed levels.

18. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking and controlling party of the Charity are its Trustees.

19. PENSIONS

The Charity participates in The Manchester United Group Pension Scheme, a defined contribution scheme. The assets of the scheme are in a separate trustee-administered fund. The cost recognised in the year in the Statement of financial activities is equal to the contributions payable to the scheme for the year and they total £140,637 (2017: £128,959). The amounts outstanding at the year-end are £11,679 (2017: £50,356).

20. RELATED PARTY TRANSACTIONS

The Charity has taken the exemption under paragraph 33.1A of FRS 102 from disclosing transaction with wholly owned entities. Refer to the Report of the Trustees for transactions with other related parties.

Notes to the financial statements for the year ended 30 June 2018

21. ANALYSIS OF NET ASSETS

Group

Fund balances at 30 June 2018 are represented by:

	Unrestricted £	Restricted £	Total £
Current Assets	4,774,767	352,351	5,127,118
Creditors: amounts falling due within one year	(803,176)	(560,206)	(1,363,382)
	3,971,591	(207,855)	3,763,736

Charity

Fund balances at 30 June 2018 are represented by:

	Unrestricted £	Restricted £	Total £
Current Assets	4,976,649	34,484	5,011,133
Creditors: amounts falling due within one year	(746,294)	(501,104)	(1,247,398)
	4,230,355	(466,620)	3,763,735

Acknowledgements

Key partners



Partner schools



Also thanks to:





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