UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended 30 June 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-35627

MANCHESTER UNITED plc

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Company's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

Sir Matt Busby Way, Old Trafford,
Manchester, England, M16 0RA

(Address of principal executive offices)

Edward Woodward
Executive Vice Chairman
Sir Matt Busby Way, Old Trafford,
Manchester, England, M16 0RA Telephone No. 011 44 (0) 161 868 8000
E-mail: ir@manutd.co.uk

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Class A ordinary shares, par value $0.0005 per share	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

40,526,390 Class A ordinary shares
124,000,000 Class B ordinary shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐	International Financial Reporting Standards as issued by the International Accounting Standards Board ☒	Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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GENERAL INFORMATION

In this annual report on Form 20-F ("Annual Report") references to "Manchester United," "the Company," "our Company," "our business," "we," "us" and "our" are, as the context requires, to Manchester United plc together with its consolidated subsidiaries as a consolidated entity.

Throughout this Form 20-F, we refer to the following football leagues and cups:

- the English Premier League (the "Premier League");
- the Emirates FA Cup (the "FA Cup");
- the English Football League Cup (the "EFL Cup");
- the Union of European Football Associations Champions League (the "Champions League"); and
- the Union of European Football Associations Europa League (the "Europa League").

The term "Matchday" refers to all domestic and European football match day activities from Manchester United games at Old Trafford, the Manchester United football stadium, along with receipts for domestic cup (such as the EFL Cup and the FA Cup) games not played at Old Trafford. Fees for arranging other events at the stadium are also included as Matchday revenue.

PRESENTATION OF FINANCIAL AND OTHER DATA

We report under IFRS, as issued by the International Accounting Standards Board (the "IASB"), and International Financial Reporting Interpretations Committee interpretations. None of the financial statements were prepared in accordance with generally accepted accounting principles in the United States.

All references in this Annual Report to (i) "pounds sterling," "pence," "p" or "£" are to the currency of the United Kingdom, (ii) "US dollar," "USD" or "$" are to the currency of the United States, and (iii) "Euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the treaty establishing the European Community, as amended.

FORWARD-LOOKING STATEMENTS

This Annual Report contains estimates and forward-looking statements. Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to numerous risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the factors described in this Annual Report, may adversely affect our results as indicated in forward-looking statements. You should read this Annual Report completely and with the understanding that our actual future results may be materially different and worse from what we expect.

All statements other than statements of historical fact are forward-looking statements. The words "may," "might," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "seek," "believe," "estimate," "predict," "potential," "continue," "contemplate," "possible" and similar words are intended to identify estimates and forward-looking statements.

Our estimates and forward-looking statements may be influenced by various factors, including without limitation:

- our dependence on the performance and popularity of our first team;
- maintaining, enhancing and protecting our brand and reputation, particularly in new markets, in order to expand our follower and sponsorship base;
- our reliance on European competitions as a source of future income;
- the negotiation and pricing of key media contracts outside our control;
- actions taken by other Premier League clubs that are contrary to our interests;
- the potential impact of the United Kingdom's decision to exit from the European Union on the movement of players or other regulations;
- our ability to attract and retain key personnel, including players, in an increasingly competitive market with increasing salaries and transfer fees;
- our ability to execute a digital media strategy that generates the revenue we anticipate;
- our ability to meet growth expectations and properly manage such anticipated growth;

- our ability to maintain, train and build an effective international sales and marketing infrastructure, and manage the risks associated with such an expansion;
- our ability to renew or replace key commercial agreements on similar or better terms, or attract new sponsors;
- our ability to protect ourselves from cyber-attack on our IT systems which could compromise our IT operational capability;
- our exposure to credit related losses in connection with key media, commercial and transfer contracts;
- our relationship with the various leagues to which we belong and the application of their respective rules and regulations;
- our relationship with merchandising, licensing, sponsor and other commercial partners;
- maintaining our match attendance at Old Trafford;
- our exposure to increased competition, both in football and the various commercial markets in which we do business;
- any natural disasters, terrorist incidents or other events beyond our control that adversely affect our operations;
- the effect of adverse economic conditions on our operations;
- uncertainty with regard to exchange rates, our tax rate and our cash flow;
- our ability to adequately protect against media piracy and identity theft of our follower account information;
- our exposure to the effects of seasonality in our business;
- the effect of our indebtedness on our financial health and competitive position;
- our ability to compete in our industry and with innovation by our competitors;
- estimates and estimate methodologies used in preparing our consolidated financial statements; and
- the future trading prices of our Class A ordinary shares and the impact of securities analysts' reports on these prices.

Other sections of this Annual Report include additional factors that could adversely impact our business and financial performance, principally "Item 3. Key Information — D. Risk Factors." Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Therefore, you are cautioned not to place undue reliance on these forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements contained in this Annual Report, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

MARKET AND INDUSTRY DATA

This Annual Report contains industry, market, and competitive position data that are based on the industry publications and studies conducted by third parties listed below as well as our own internal estimates and research. These industry publications and third-party studies generally state that the information that they contain has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these publications and third-party studies is reliable, we have not independently verified the market and industry data obtained from these third-party sources. While we believe our internal research is reliable and the definition of our market and industry are appropriate, neither such research nor these definitions have been verified by any independent source.

References to our "659 million followers" are based on a survey conducted by Kantar Media (a division of WPP plc) in 2011 and paid for by us. As in the survey conducted by Kantar Media, we define the term "followers" as those individuals who answered survey questions, unprompted, with the answer that Manchester United was either their favorite football team in the world or a football team that they enjoyed following in addition to their favorite football team. For example, we and Kantar Media included in the definition of "follower" a respondent who either watched live Manchester United matches, followed highlights coverage or read or talked about Manchester United regularly. Although the survey solicited unprompted responses, we do not distinguish between those respondents who answered that Manchester United was their favorite football team in the world and those who enjoy following Manchester United in addition to their favorite football team. Since we believe that each of our followers engage with our brand in some capacity, including through watching matches on television, attending matches live, buying retail merchandise or monitoring the team's highlights on the internet, we believe identifying our followers in this manner provides us with the best data to use for purposes of developing our business strategy and measuring the penetration of our brand. However, we expect there to be differences in the level of engagement with our brand between individuals, including among those who consider Manchester United to be their favorite team, as well as between those who enjoy following Manchester United. We have not identified any practical way to measure these differences in consumer behavior and any references to our followers in this Annual Report should be viewed in that light.

This internet-based survey identified Manchester United as a supported team of 659 million followers (and the favorite football team of 277 million of those followers) and was based on 53,287 respondents from 39 countries around the world. In order to calculate our 659 million followers from the 53,287 responses, Kantar Media applied estimates and assumptions to certain factors including population size, country specific characteristics such as wealth and GDP per capita, affinity for sports and media penetration. Kantar Media then extrapolated the results to the rest of the world, representing an extrapolated adult population of 5 billion people. However, while Kantar Media believes the extrapolation methodology was robust and consistent with consumer research practices, as with all surveys, there are inherent limitations in extrapolating survey results to a larger population than those actually surveyed. As a result of these limitations, our number of followers may be significantly less or significantly more than the extrapolated survey results. Kantar Media also extrapolated survey results to account for non-internet users in certain of the 39 countries, particularly those with low internet penetration. To do so, Kantar Media had to make assumptions about the preferences and behaviors of non-internet users in those countries. These assumptions reduced the number of our followers in those countries and there is no guarantee that the assumptions we applied are accurate. Survey results also account only for claimed consumer behavior rather than actual consumer behavior and as a result, survey results may not reflect real consumer behavior with respect to football or the consumption of our content and products.

In addition to the survey conducted by Kantar Media, this Annual Report references the following industry publications and third-party studies:

- television viewership data compiled by futures sports + entertainment—Mediabrands International Limited for the 2017/18 season (the "Futures Data");
- a paper published by AT Kearney, Inc. in 2014 entitled "Winning in the Business of Sports" ("AT Kearney"); and
- a report published by Mailman Group entitled “Red Card 2018”.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB. The selected consolidated financial data (including income statement, other and balance sheet data) presented as of and for the years ended 30 June 2018, 2017, 2016, 2015 and 2014 and has been derived from our audited consolidated financial statements and the notes thereto (our audited consolidated financial statements as of 30 June 2016, 2015 and 2014 and for the years ended 30 June 2015 and 2014 are not included in this Annual Report). Our historical results for any prior period are not necessarily indicative of results expected in any future period.

The selected historical financial information presented in the tables below should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and accompanying notes. The audited consolidated financial statements and the accompanying notes as of 30 June 2018 and 2017 and for the years ended 30 June 2018, 2017 and 2016 have been included in this Annual Report.

Unless otherwise specified, all financial information included in this Annual Report has been stated in pounds sterling.

	Year ended 30 June				
	2018	**2017**	**2016**	**2015**	**2014**
Income Statement Data:	**(£'000, unless otherwise indicated)**				
Revenue	590,022	581,204	515,345	395,178	433,164
Analyzed as:					
Commercial revenue	276,099	275,471	268,318	196,931	189,315
Broadcasting revenue	204,137	194,098	140,440	107,664	135,746
Matchday revenue	109,786	111,635	106,587	90,583	108,103
Operating expenses — before exceptional items	(562,089)	(516,068)	(421,574)	(384,843)	(367,056)
Analyzed as:					
Employee benefit expenses	(295,935)	(263,464)	(232,242)	(202,561)	(214,803)
Other operating expenses	(117,019)	(117,942)	(91,244)	(72,271)	(88,298)
Depreciation	(10,755)	(10,228)	(10,079)	(10,324)	(8,665)
Amortization	(138,380)	(124,434)	(88,009)	(99,687)	(55,290)
Operating expenses — exceptional items	(1,917)	4,753	(15,135)	(2,336)	(5,184)
Total operating expenses	(564,006)	(511,315)	(436,709)	(387,179)	(372,240)
Operating profit before profit/(loss) on disposal of intangible assets	26,016	69,889	78,636	7,999	60,924
Profit/(loss) on disposal of intangible assets	18,119	10,926	(9,786)	23,649	6,991
Operating profit	44,135	80,815	68,850	31,648	67,915
Finance costs	(24,233)	(25,013)	(20,459)	(35,419)	(27,668)
Finance income	6,195	736	442	204	256
Net finance costs	(18,038)	(24,277)	(20,017)	(35,215)	(27,412)
Profit/(loss) on ordinary activities before tax	26,097	56,538	48,833	(3,567)	40,503
Tax (expense)/credit[1]	(63,367)	(17,361)	(12,462)	2,672	(16,668)
(Loss)/profit for the year[1]	(37,270)	39,177	36,371	(895)	23,835
Attributable to:					

Owners of the parent	(37,270)	39,177	36,371	(895)	23,835
Weighted average number of ordinary shares (thousands)	164,195	164,025	163,890	163,795	163,814
Diluted weighted average number of ordinary shares (thousands)[2]	164,610	164,448	164,319	163,795	163,893
Basic (loss)/earnings per share (pence) [1]	(22.70)	23.88	22.19	(0.55)	14.55
Diluted (loss)/earnings per share (pence) [1]/[2]	(22.70)	23.82	22.13	(0.55)	14.54

[1] The US federal corporate income tax rate reduced from 35% to 21% following the substantive enactment of US tax reform on 22 December 2017. This necessitated a re-measurement of the existing US deferred tax position in the period to 31 December 2017. As a result the tax expense for the year ended 30 June 2018 includes a non-cash tax accounting write off of £48.8 million. Accordingly, this has resulted in a loss for the year ended 30 June 2018 and basic and diluted loss per share.

[2] For the years ended 30 June 2018 and 30 June 2015, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share, and hence have been excluded. For the years ended 30 June 2017, 2016, and 2014, potential ordinary shares have been treated as dilutive, as their inclusion in the diluted earnings per share calculation decreases earnings per share.

	Year ended 30 June				
	2018	**2017**	**2016**	**2015**	**2014**
Other Data:	**(£'000, unless otherwise indicated)**				
Commercial revenue	276,099	275,471	268,318	196,931	189,315
Analyzed as:					
Sponsorship revenue	173,246	171,480	170,980	165,279	151,803
Retail, merchandising, apparel & products licensing revenue	102,853	103,991	97,338	31,652	37,512
Adjusted EBITDA[3]	177,068	199,798	191,859	120,346	130,063
Dividends declared per share ($)	0.18	0.18	0.18	-	-
Dividends declared per share (£ equivalent)	0.13	0.14	0.12	-	-

	As of 30 June				
	2018	**2017**	**2016**	**2015**	**2014**
Balance Sheet Data:	**(£'000, unless otherwise indicated)**				
Cash and cash equivalents	242,022	290,267	229,194	155,752	66,365
Total assets	1,545,372	1,534,274	1,451,903	1,301,588	1,215,711
Total liabilities	1,120,106	1,056,657	993,621	823,670	717,061
Total equity	425,266	477,617	458,282	477,918	498,650
Equity attributable to owners of the parent	425,266	477,617	458,282	477,918	498,650

	Season				
	2018	**2017**	**2016**	**2015**	**2014**
Home Games Played:					
Premier League	19	19	19	19	19
European Games	4	7	6	-	5
Domestic Cups	3	5	4	2	4
Away Games Played:					
Premier League	19	19	19	19	19
European Games	5	8	6	-	5
Domestic Cups	6	5	5	4	2

Total Games Played:					
Premier League	38	38	38	38	38
European Games	9	15	12	-	10
Domestic Cups	9	10	9	6	6

(3) We define Adjusted EBITDA as (loss)/profit for the year before depreciation, amortization, profit/(loss) on disposal of intangible assets, exceptional items, net finance costs, and tax. Adjusted EBITDA is a non-IFRS measure and not a uniformly or legally defined financial measure. Adjusted EBITDA is not a substitute for IFRS measures in assessing our overall financial performance. Because Adjusted EBITDA is not a measurement determined in accordance with IFRS, and is susceptible to varying calculations, Adjusted EBITDA may not be comparable to other similarly titled measures presented by other companies. Adjusted EBITDA is included in this Annual Report because it is a measure of our operating performance and we believe that Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. We also believe Adjusted EBITDA is useful to our management and investors as a measure of comparative operating performance from year to year and among companies as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance, and it removes the effect of our asset base (primarily depreciation and amortization), capital structure (primarily finance costs), and items outside the control of our management (primarily taxes). Our management also uses Adjusted EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for an analysis of our results as reported under IFRS as issued by the IASB.

The following is a reconciliation of (loss)/profit for the years presented to Adjusted EBITDA:

	Year ended 30 June				
	2018	**2017**	**2016**	**2015**	**2014**
			(£'000)		
(Loss)/profit for the year	(37,270)	39,177	36,371	(895)	23,835
Adjustments:					
Tax expense/(credit)	63,367	17,361	12,462	(2,672)	16,668
Net finance costs	18,038	24,277	20,017	35,215	27,412
(Profit)/loss on disposal of intangible assets	(18,119)	(10,926)	9,786	(23,649)	(6,991)
Exceptional items[1]	1,917	(4,753)	15,135	2,336	5,184
Amortization	138,380	124,434	88,009	99,687	55,290
Depreciation	10,755	10,228	10,079	10,324	8,665
Adjusted EBITDA	177,068	199,798	191,859	120,346	130,063

(1) See notes 2.7 and 6 to our audited consolidated financial statements included elsewhere in this Annual Report for more information.

Exchange Rate Information

Our functional and reporting currency is pounds sterling and substantially all of our costs are denominated in pounds sterling. However, any Broadcasting revenue from our participation in European competitions, as well as certain other revenue, is generated in Euros. We also occasionally enter into transfer agreements which are payable in Euros. In addition, we have currency exposure against the US dollar relating to our US dollar denominated secured term loan facility and our 3.79% senior secured notes (the "senior secured notes") and our Commercial revenue from certain sponsors. For all dates and periods, the exchange rate refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board. The rates represent the noon buying rate in New York for cable transfers payable in foreign currencies. These rates may differ from the actual rates used in the preparation of the financial statements and other financial information appearing in this Annual Report. Inclusion of these exchange rates is not meant to suggest that the US dollar amounts actually represent such pounds sterling amounts or that such amounts could have been or could be converted into US dollars at any particular rate, or at all. On 4 September 2018, the exchange rate was $1.28 to £1.00.

The following table sets forth information concerning exchange rates between the pounds sterling and the US dollar for the periods indicated. These rates are provided solely for convenience.

	Noon Buying Rate			
Period	**Period End**	**Average[(1)]**	**Low**	**High**
	($ per £1.00)			
Fiscal Year 2014	1.70	1.63	1.48	1.71
Fiscal Year 2015	1.57	1.57	1.46	1.72
Fiscal Year 2016	1.32	1.47	1.32	1.57
Fiscal Year 2017	1.30	1.27	1.21	1.34
Fiscal Year 2018	1.32	1.35	1.28	1.43
March 2018	1.40	1.40	1.38	1.42
April 2018	1.38	1.41	1.38	1.43
May 2018	1.33	1.35	1.33	1.37
June 2018	1.32	1.33	1.31	1.34
July 2018	1.31	1.32	1.30	1.33
August 2018	1.30	1.29	1.27	1.31
September 2018 (through 4 September 2018)	1.28	1.29	1.28	1.30

Source: Federal Reserve Bank of New York and Federal Reserve Statistical Release

(1) Fiscal year averages were calculated by using the average of the exchange rates on the last day of each month during the relevant period. Monthly averages are calculated by using the average of the daily rates during the relevant month.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Investment in our Class A ordinary shares involves a high degree of risk. We expect to be exposed to some or all of the risks described below in our future operations. Any of the risk factors described below, as well as additional risks of which we are not currently aware, could affect our business operations and have a material adverse effect on our business, results of operations, financial condition, cash flow and prospects and cause the value of our shares to decline. Moreover, if and to the extent that any of the risks described below materialize, they may occur in combination with other risks which would compound the adverse effect of such risks on our business, results of operations, financial condition, cash flow and prospects.

Risks Related to Our Business

If we are unable to maintain and enhance our brand and reputation, particularly in new markets, or if events occur that damage our brand and reputation, our ability to expand our follower base, sponsors, and commercial partners or to sell significant quantities of our products may be impaired.

The success of our business depends on the value and strength of our brand and reputation. Our brand and reputation are also integral to the implementation of our strategies for expanding our follower base, sponsors and commercial partners. To be successful in the future, particularly outside of Europe, we believe we must preserve, grow and leverage the value of our brand across all of our revenue streams. For instance, we have in the past experienced, and we expect that in the future we will continue to receive, a high degree of media coverage. Unfavorable publicity regarding our first team's performance in league and cup competitions or their behavior off the field, our ability to attract and retain certain players and coaching staff or actions by or changes in our ownership, could negatively affect our brand and reputation. Failure to respond effectively to negative publicity could also further erode our brand and reputation. In addition, events in the football industry, even if unrelated to us, may negatively affect our brand or reputation. As a result, the size, engagement and loyalty of our follower base and the demand for our products may decline. Damage to our brand or reputation or loss of our followers' commitment for any of these reasons could impair our ability to expand our follower base, sponsors and commercial partners or our ability to sell significant quantities of our products, which would result in decreased revenue across our revenue streams and have a material adverse effect on our business, results of operations, financial condition and cash flow, as well as require additional resources to rebuild our brand and reputation.

In addition, maintaining and enhancing our brand and reputation may require us to make substantial investments. We cannot assure you that such investments will be successful. Failure to successfully maintain and enhance the Manchester United brand or our reputation or excessive or unsuccessful expenses in connection with this effort could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Our business is dependent upon our ability to attract and retain key personnel, including players.

We are highly dependent on members of our management, coaching staff and our players. Competition for talented players and staff is, and will continue to be, intense. Our ability to attract and retain the highest quality players for our first team and youth academy as well as coaching staff is critical to our first team's success in league and cup competitions and increasing popularity and, consequently, critical to our business, results of operations, financial condition and cash flow. Our success and many achievements over the last twenty years does not necessarily mean that we will continue to be successful in the future, whether as a result of changes in player personnel, coaching staff or otherwise. A downturn in the performance of our first team could adversely affect our ability to attract and retain coaches and players. Further, in March 2017, the government of the United Kingdom (the "UK") initiated the formal process of withdrawing from the European Union (the "EU"), which could result in changes to European regulations relating to the movement of players between the UK and the EU. In addition, our popularity in certain countries or regions may depend, at least in part, on fielding certain players from those countries or regions. While we enter into employment contracts with each of our key personnel with the aim of securing their services for the term of the contract, the retention of their services for the full term of the contract cannot be guaranteed due to possible contract disputes or approaches by other clubs. Our failure to attract and retain key personnel could have a negative impact on our ability to effectively manage and grow our business.

We are dependent upon the performance and popularity of our first team.

Our revenue streams are driven by the performance and popularity of our first team. Significant sources of our revenue are the result of historically strong performances in English domestic and European competitions, specifically the Premier League, the FA Cup, the EFL Cup, the Champions League and the Europa League. Our revenue varies significantly depending on our first team's participation and performance in these competitions. Our first team's performance can affect all four of our revenue streams:

- sponsorship revenue through sponsorship relationships;
- retail, merchandising, apparel & product licensing revenue through product sales;
- Broadcasting revenue through the frequency of appearances, performance based share of league broadcasting revenue, Champions League/Europe League prize money and MUTV distribution through linear and digital platforms; and
- Matchday revenue through ticket sales.

Our first team currently plays in the Premier League, the top football league in England. Our performance in the Premier League directly affects, and a weak performance in the Premier League could adversely affect, our business, results of operations, financial condition and cash flow. For example, our revenue from the sale of products, media rights, tickets and hospitality would fall considerably if our first team were relegated from (or otherwise ceased to play in) the Premier League, the Champions League or the Europa League.

We cannot ensure that our first team will be successful in the Premier League or in the other leagues and tournaments in which it plays. Relegation from the Premier League or a general decline in the success of our first team, particularly in consecutive seasons, would negatively affect our ability to attract or retain talented players and coaching staff, as well as supporters, sponsors and other commercial partners, which would have a material adverse effect on our business, results of operations, financial condition and cash flow.

It may not be possible to renew or replace key commercial agreements on similar or better terms, or attract new sponsors.

Our Commercial revenue for each of the years ended 30 June 2018, 2017 and 2016 represented 46.8%, 47.4% and 52.1% of our total revenue, respectively. The substantial majority of our Commercial revenue is generated from commercial agreements with our sponsors, and these agreements have finite terms. When these contracts do expire, we may not be able to renew or replace them with contracts on similar or better terms or at all. Our most important commercial contracts include contracts with global, regional and supplier sponsors representing industries including financial services, automotive, spirits, airline, timepiece, betting, telecommunications and kitchen and bathroom fixtures and generators, which typically have contract terms of two to five years**.**

If we fail to renew or replace these key commercial agreements on similar or better terms, we could experience a material reduction in our Commercial revenue. Such a reduction could have a material adverse effect on our overall revenue and our ability to continue to compete with the top football clubs in England and Europe.

As part of our business plan, we intend to continue to grow our commercial portfolio by developing and expanding our geographic and product categorized approach, which will include partnering with additional sponsors. We may not be able to successfully execute our business plan in promoting our brand to attract new sponsors. We cannot assure you that we will be successful in implementing our business plan or that our Commercial revenue will continue to grow at the same rate as it has in the past or at all. Any of these events could negatively affect our ability to achieve our development and commercialization goals, which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Negotiation and pricing of key media contracts are outside our control and those contracts may change in the future.

For each of the years ended 30 June 2018, 2017 and 2016, 74.2%, 74.0% and 68.2% of our Broadcasting revenue, respectively, was generated from the media rights for Premier League matches, and 18.8%, 20.5% and 22.3% of our Broadcasting revenue, respectively, was generated from the media rights for UEFA matches. Contracts for these media rights and certain other revenue for those competitions (both domestically and internationally) are negotiated collectively by the Premier League and the Union of European Football Associations (“UEFA”) respectively. We are not a party to the contracts negotiated by the Premier League and UEFA. Further, we do not participate in and therefore do not have any direct influence on the outcome of contract negotiations. As a result, we may be subject to media rights contracts with media distributors with whom we may not otherwise contract or media rights contracts that are not as favorable to us as we might otherwise be able to negotiate individually with media distributors. Furthermore, the limited number of media distributors bidding for Premier League and UEFA club competition media rights may result in reduced prices paid for those rights and, as a result, a decline in revenue received from media contracts.

In addition, although an agreement has been reached for the sale of Premier League domestic broadcasting rights through the end of the 2021/22 football season and for the sale of UEFA club competition broadcasting rights through the end of the 2020/21 football season, future agreements may not maintain our current level of Broadcasting revenue.

Future intervention by the European Commission (“EC”), the EU Court of Justice (“EUCJ”), UK authorities, or other competent authorities and courts having jurisdiction may also have a negative effect on our revenue from media rights in the European Economic Area (“EEA”). Enforcement of competition laws and changes to copyright regimes may require changes to sales models that could negatively affect the amount which copyright holders, such as the Premier League, are able to derive from the exploitation of rights within the EU. As a result, our Broadcasting revenue from the sale of those rights could decrease.

It is likely that there will be future regulatory intervention by the EC relating to the grant of exclusive licenses of content on a territorial basis within the EEA insofar as they prohibit or limit the cross-border provision by satellite or internet transmission of retail pay-TV services in response to unsolicited demand (so-called “passive sales”). In the cases of the Premier League & others vs. QC Leisure & Others / Karen Murphy vs. Media Protection Services, the EUCJ ruled that EU free movement rules prevented enforcement of national laws to prevent importation and sale of decoding devices marketed in other Member States. It is an open question whether this finding is confined to broadcasting by satellite. The EUCJ held further that EU competition rules prohibit any agreement designed to guarantee absolute territorial exclusivity by restricting passive sales within the EU (i.e. by obliging broadcasters not to meet unsolicited demand for decoding devices enabling access to the right holder’s protected subject-matter with a view to their use outside the territory covered by the license agreement).

Subsequently, in January 2014 the EC launched a competition investigation into exclusive licensing arrangements between US Studios and various platforms in Europe (the major platform in each of the five largest Member States). In July 2015, the EC issued a Statement of Objections in Case COMP/40023 – Cross-border access to pay-TV setting out its preliminary view that certain provisions in the license agreements between the studios and Sky UK would eliminate cross-border competition and constitute a violation of EU competition rules. According to the EC, these provisions require Sky UK to block or limit access to films through geo-blocking its online services or through its satellite pay-TV services to consumers outside of the UK and Ireland (and thus prevent Sky UK from responding to passive sales requests). The EC is carrying out parallel investigations into cross-border access to pay-TV services in France, Italy, Germany and Spain. Studios and platforms argue that EU law does not preclude enforcement of their copyright and that the restrictions are necessary to ensure adequate financing of content creation because content value varies considerably across Member States.

On 22 April 2016, the EC announced that Paramount, while not agreeing with the concerns expressed in the Statement of Objections, had offered to settle the case by offering a series of commitments, including an undertaking not to enter into pay-TV agreements that prohibit their licensees from responding to passive sales requests. The commitments cover both linear pay-TV services and (when covered by the broadcaster's licenses) subscription video-on-demand services. The EC accepted these commitments on 27 July 2016. On 8 December 2016, the French TV broadcaster Groupe Canal + brought an action seeking annulment of the EC's decision to accept the commitments; the appeal is pending. While these investigations have targeted film content, any future decision is very likely to be applicable to any pay-TV content, including sport.

In addition to this regulatory action, the EU as part of its Digital Single Market ("DSM") strategy adopted on 8 June 2017 the Portability Regulation, which is designed to enable consumers to access their content services while travelling across Europe. The Portability Regulation became applicable on 20 March 2018. The EU has also adopted a regulation on unjustified geo-blocking, which becomes applicable on 3 December 2018. Copyright protected content is excluded but the EC must review and report on the exclusion by 23 March 2020. This may lead to proposals for inclusion of content protected by copyright and neighbouring rights.

As part of the DSM initiative, the EC has also sought to modernize EU copyright rules to allow for wider access to online content across the EU, including by extending rights clearance mechanisms in the Satellite and Cable Directive. The EC published its proposal for a Regulation on Online Transmissions on 14 September 2016, which in particular contains the proposal that the country of origin principle be extended to online broadcast services. In practice, this would mean that licenses for simulcast and catch-up rights, for example, for the UK would be construed as covering the entire EEA (as long as the UK remains subject to EU law). The European Parliament and the Council have both proposed substantial amendments limiting the country of origin principle. Adoption of the Council position would exclude all sports events from the scope of the regulation. A compromise is being negotiated.

European competitions cannot be relied upon as a source of income.

Qualification for the Champions League is largely dependent upon our first team's performance in the Premier League and, in some circumstances, the Champions League or Europa League in the previous season. Qualification for the Champions League cannot, therefore, be guaranteed. Failure to qualify for the Champions League would result in a material reduction in revenue for each season in which our first team did not participate. To help mitigate this impact the majority of playing contracts for our first team squad include step-ups in remuneration which are contingent on participation in the group stage of the Champions League. As a result of our first team performance during the 2015/16 season, our first team did not participate in the 2016/17 Champions League but did participate in the 2016/17 Europa League. Inclusive of Broadcasting revenue, prize money and Matchday revenue, our combined Broadcasting and Matchday revenue from participation in European competitions was £45.9 million, £48.5 million and £41.6 million for each of the years ended 30 June 2018, 2017 and 2016, respectively.

In addition, our participation in the Champions League or Europa League may be influenced by factors beyond our control. For example, the number of places in each European competition available to the clubs of each national football association in Europe can vary from year to year based on a ranking system. If the performance of English clubs in Europe declines, the number of places in each European competition available to English clubs may decline and it may be more difficult for our first team to qualify for European competition in future seasons. Further, the rules governing qualification for European competitions (whether at the European or national level) may change and make it more difficult for our first team to qualify for European competition in future seasons.

We are a founder member and our Executive Vice Chairman has a seat on the executive board of the European Club Association ("ECA"), an independent organization set up to work with football governing bodies to protect and promote the interests of football clubs at the European level.

On 26 August 2016, following consultation between UEFA, the ECA and other stakeholders, UEFA announced certain changes to the format of the Champions League and Europa League to take place with effect from the 3 year cycle 2018/19 to 2020/21. The key changes relate to the access list for both competitions and the methodology for financial distributions. With respect to the Champions League, the top four clubs from the four top-ranked national associations (of which England is currently one) will now qualify automatically for the group stage of the Champions League which compares (for

England) to only three qualifying automatically previously with a fourth entering the final play-off round. With respect to the financial distribution methodology, in addition to the current three-pillar system (starting fee, performance fees and market pool), UEFA is introducing a fourth pillar being the individual club coefficient. The individual club coefficient will be determined by reference to past performance in UEFA competitions over a ten-year period with additional points for historical winners of UEFA competitions.

In addition, a new subsidiary company, UEFA Club Competitions SA, has been established by UEFA to advise and make recommendations to UEFA on strategic business matters and opportunities concerning club competitions. Half of the administration board is appointed by UEFA and the other half by the ECA. Our Executive Vice Chairman is one of the members of the board.

Moreover, because of the prestige associated with participating in the European competitions, particularly the Champions League, failure to qualify for any European competition, particularly for consecutive seasons, could negatively affect our ability to attract and retain talented players and coaching staff, as well as supporters, sponsors and other commercial partners. Failure to participate in the Champions League for two or more consecutive seasons would also reduce annual payments under the agreement with adidas by 30% of the applicable payment for the year in which the second or other consecutive season of non-participation falls. Any one or more of these events could have a material adverse effect on our business, results of operation, financial condition and cash flow.

Our business depends in part on relationships with certain third parties.

We consider the development of our commercial assets to be central to our ongoing business plan and a driver of future growth. For example, our current contract with adidas that began with the 2015/16 season provides them with certain global technical sponsorship and dual-branded licensing rights. While we expect to be able to continue to execute our business plan in the future with the support of adidas, we remain subject to these contractual provisions and our business plan could be negatively impacted by non-compliance or poor execution of our strategy by adidas. Further, any interruption in our ability to obtain the services of adidas or other third parties or deterioration in their performance could negatively impact this portion of our operations. Furthermore, if our arrangement with adidas is terminated or modified against our interest, we may not be able to find alternative solutions for this portion of our business on a timely basis or on terms favorable to us or at all.

In the future, we may enter into additional arrangements permitting third parties to use our brand and trademarks. Although we take steps to carefully select our partners, such arrangements may not be successful. Our partners may fail to fulfil their obligations under their agreements or have interests that differ from or conflict with our own. For example, we are dependent on our sponsors and commercial partners to effectively implement quality controls over products using our brand and/or trademarks. The inability of such sponsors and commercial partners to meet our quality standards could negatively affect consumer confidence in the quality and value of our brand, which could result in lower product sales. Any one or more of these events could have a material adverse effect on our business, results of operation, financial condition and cash flow.

We are exposed to credit related losses in the event of non-performance by counterparties to Premier League and UEFA media contracts as well as our key commercial and transfer contracts.

We derive the substantial majority of our Broadcasting revenue from media contracts negotiated by the Premier League and UEFA with media distributors, and although the Premier League obtains guarantees to support certain of its media contracts, typically in the form of letters of credit issued by commercial banks, it remains our single largest credit exposure. We derive our Commercial and sponsorship revenue from certain corporate sponsors, including global, regional and supplier sponsors (which includes new businesses operating in emerging markets) in respect of which we may manage our credit risk by seeking advance payments, installments and/or bank guarantees where appropriate. The substantial majority of this revenue is derived from a limited number of sources. During the year ended 30 June 2018, those sources that represented greater than 10% of our total revenue were:

- Premier League: 26.4% of our total revenue
- adidas: 13.4% of our total revenue

We are also exposed to other football clubs globally for the payment of transfer fees on players. Depending on the transaction, some of these fees are paid to us in installments. We try to manage our credit risk with respect to those clubs by requiring payments in advance or, in the case of payments on installment, requiring bank guarantees on such payments in certain circumstances. However, we cannot ensure these efforts will eliminate our credit exposure to other clubs. A change in credit quality at one of the media broadcasters for the Premier League or UEFA, one of our sponsors or a club to whom we have sold a player can increase the risk that such counterparty is unable or unwilling to pay amounts owed to us. The failure of a major television broadcaster for the Premier League or UEFA competitions to pay outstanding amounts owed to its respective league or the failure of one of our key sponsors or a club to pay outstanding amounts owed to us could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Matchday revenue from our supporters is a significant portion of overall revenue.

A significant amount of our revenue derives from ticket sales and other Matchday revenue for our first team matches at Old Trafford and our share of gate receipts from domestic cup matches. In particular, the revenue generated from ticket sales and other Matchday revenue at Old Trafford will be highly dependent on the continued attendance at matches of our individual and corporate supporters as well as the number of home matches we play each season. During each of the 2017/18, 2016/17 and 2015/16 seasons, we played 26, 31 and 29 home matches, respectively, and our Matchday revenue was £109.8 million, £111.6 million and £106.6 million for the years ended 30 June 2018, 2017 and 2016, respectively. Match attendance is influenced by a number of factors, some of which are partly or wholly outside of our control. These factors include the success of our first team, broadcasting coverage and general economic conditions in the United Kingdom, which affect personal disposable income and corporate marketing and hospitality budgets. A reduction in Matchday attendance could have a material adverse effect on our Matchday revenue and our overall business, results of operations, financial condition and cash flow.

The markets in which we operate are highly competitive, both within Europe and internationally, and increased competition could cause our profitability to decline.

We face competition from other football clubs in England and Europe. In the Premier League, investment from wealthy team owners has led to teams with deep financial backing that are able to acquire top players and coaching staff, which could result in improved performance from those teams in domestic and European competitions. As the Premier League continues to grow in popularity, the interest of wealthy potential owners may increase, leading to additional clubs substantially improving their financial position. Competition from European clubs also remains strong. Despite the adoption of the UEFA financial fair play initiative, a set of financial monitoring rules on clubs participating in the Champions League and Europa League, and the Premier League's profitability and sustainability regulations, a similar set of rules monitoring Premier League clubs, European and Premier League football clubs are spending substantial sums on transfer fees and player salaries. Competition from inside and outside the Premier League has led to higher salaries for our players as well as increased competition on the field. The increase in competition could result in our first team finishing lower in the Premier League than we have in the past and jeopardizing our qualification for or results in European competitions. Competition within England could also cause our first team to fail to advance in the FA Cup and EFL Cup.

In addition, from a commercial perspective, we actively compete across many different industries and within many different markets. We believe our primary sources of competition, both in Europe and internationally, include, but are not limited to:

- other businesses seeking corporate sponsorships and commercial partners such as sports teams, other entertainment events and television and digital media outlets;
- providers of sports apparel and equipment seeking retail, merchandising, apparel & product licensing opportunities;
- digital content providers seeking consumer attention and leisure time, advertiser income and consumer e-commerce activity;
- other types of television programming seeking access to broadcasters and advertiser income; and
- alternative forms of corporate hospitality and live entertainment for the sale of matchday tickets such as other live sports events, concerts, festivals, theater and similar events.

All of the above forms of competition could have a material adverse effect on any of our four revenue streams and our overall business, results of operations, financial condition and cash flow.

A cyber-attack on our IT systems could compromise our IT operational capability and subject us to liability.

As a high-profile brand we are susceptible to the risk of a cyber-attack on our IT systems. In recent years, the computer systems of an increasing number of companies and other organizations have been the subject of attacks by cyber criminals, activists and other parties (internal and external). Though we seek to protect ourselves by putting processes in place that are designed to prevent such attacks and regularly monitor alerts and updates from leading cyber security vendors and trusted authorities, our IT systems may still be vulnerable to external or internal security breaches, acts of vandalism, computer viruses and other forms of cyber-attack. Any such attack could disable the information technology systems we use to operate our business and give rise to the loss of significant amounts of personal data or other sensitive information, potentially subjecting us to criminal or civil sanctions or other liability. See "—We are subject to governmental regulation and other legal obligations related to privacy, data protection and data security. Our actual or perceived failure to comply with such obligations could harm our business." Any of these events could have a material adverse effect on our business, results of operations, financial condition and cash flow. Furthermore, as attempted attacks continue to evolve in scope and sophistication, we may incur significant costs in modifying or enhancing our IT security systems and processes in an attempt to defend against such attacks. There can be no assurance, however, that any security systems or processes we currently have in place or that we may implement in the future will be successful in preventing or mitigating the harm from such attacks.

We are subject to special rules and regulations regarding insolvency and bankruptcy.

We are subject to, among other things, special insolvency or bankruptcy-related rules of the Premier League and the Football Association (the "FA"). Those rules empower the Premier League board to direct certain payments otherwise due to us to the FA and its members, associate members and affiliates, certain other English football leagues and certain other entities if it is reasonably satisfied that we have failed to pay certain creditors including other football clubs, the Premier League and the Football League.

If we experience financial difficulty, we could also face sanctions under the Premier League rules, including suspension from the Premier League, European competitions, the FA Cup and certain other competitions, the deduction of league points from us in the Premier League or Football League and loss of control of player registrations. For example, the Premier League could prevent us from playing, thereby cutting off our income from ticket sales and putting many of our other sources of revenue at risk. Any of these events could have a material adverse effect on our business, results of operation, financial condition, or cash flow, as well as our ability to meet our financial obligations.

Premier League voting rules may allow other clubs to take action contrary to our interests.

The Premier League is governed by its 20 club shareholders with most rule changes requiring the support of a minimum of 14 of the clubs. This allows a minority of clubs to block changes they view as unfavorable to their interests. In addition, it allows a concerted majority of the clubs to pass rules that may be disadvantageous to the remaining six clubs. As one of the larger clubs in the Premier League in terms of revenue and follower base, we can exert some influence on the rulemaking process, however, our interests may not always align with the majority of clubs and it may be difficult for us to effect changes that are advantageous to us. At the same time, it is possible that other clubs may take action that we view as contrary to our interests. If the Premier League clubs pass rules that limit our ability to operate our business as we have planned or otherwise affect the payments made to us, we may be unable to achieve our goals and strategies or increase our revenue.

Our digital media strategy is unproven and may not generate the revenue we anticipate.

We maintain contact with, and provide entertainment to, our global follower base through a number of digital and other media channels, including the internet, mobile services and social media. While we have attracted a significant number of followers to our digital media assets, including our website, the associated future revenue and income potential is uncertain. You should consider our business and prospects in light of the challenges, risks and difficulties we may encounter in this new and rapidly evolving market, including:

- our digital media strategy requiring us to provide offerings such as video on demand and highlights that have not previously been a substantial part of our business;
- our ability to retain our current global follower base, build our follower base and increase engagement with our followers through our digital media assets;
- our ability to enhance the content offered through our digital media assets and increase our subscriber base;
- our ability to effectively generate revenue from interaction with our followers through our digital media assets;
- our ability to attract new sponsors and advertisers, retain existing sponsors and advertisers and demonstrate that our digital media assets will deliver value to them;
- our ability to develop our digital media assets in a cost effective manner and operate our digital media services profitably and securely;
- our ability to identify and capitalize on new digital media business opportunities; and
- our ability to compete with other sports and other media for users' time.

In addition, as we expand our digital and other media channels, including the internet, mobile services and social media, revenue from our other business sectors may decrease, including our Broadcasting revenue. Moreover, the increase in subscriber base in some of these digital and other media channels may limit the growth of the subscriber base and popularity of other channels. Failure to successfully address these risks and difficulties could affect our overall business, financial condition, results of operations, cash flow, liquidity and prospects.

Serious injuries to or losses of playing staff may affect our performance, and therefore our results of operations and financial condition.

Injuries to members of the playing staff, particularly if career-threatening or career-ending, could have a detrimental effect on our business. Such injuries could have a negative effect upon our first team's performance and may also result in a loss of the income that would otherwise have resulted from a transfer of that player's registration. In addition, depending on the circumstances, we may write down the carrying value of a player on our balance sheet and record an impairment charge in our operating expenses to reflect any losses resulting from career-threatening or career-ending injuries to that player. Our strategy is to maintain a squad of first team players sufficient to mitigate the risk of player injuries. However, this strategy may not be sufficient to mitigate all financial losses in the event of an injury, and as a result such injury may affect the performance of our first team, and therefore our business, results of operations financial condition and cash flow.

Inability to renew our insurance policies could expose us to significant losses.

We insure against the accidental death (including death by natural causes) or permanent disablement of certain members of our first team, although typically not at such player's full market value. Moreover, we do not carry insurance against career-ending injuries to our players sustained while playing or training. We also have catastrophe coverage in the event of an incident (such as travel or terrorist related incidents) that results in the death or permanent disablement of multiple members of our first team playing squad. We also carry non-player related insurance typical for our business (including liability, property damage, business interruption and terrorism insurance). When any of our insurance policies expire, it may not be possible to renew them on the same terms, or at all. In such circumstances, some of our businesses and/or assets may be uninsured. If any of these uninsured businesses or assets were to suffer damage, we could suffer a financial loss. Our most valuable tangible asset is Old Trafford. An inability to renew insurance policies covering our players, Old Trafford, the Aon Training Complex or other valuable assets could expose us to significant losses.

In addition to the above, the Fédération Internationale de Football Association ("FIFA") provides insurance coverage for loss of wages (temporary disablement), subject to a cap of €7.5 million per claim, for our players who are injured while playing for their senior national team in a match played under the FIFA international match calendar. Neither FIFA nor national football associations are obliged to provide death or permanent disablement insurance coverage for players while on international duty.

Our international expansion and operations in foreign markets expose us to risks associated with international sales and operations.

We intend to continue to expand internationally and operate in select foreign markets. Managing a global organization is difficult, time consuming and expensive. Our inexperience in operating the club's businesses globally increases the risk that any future international expansion efforts that we may undertake will not be successful. In addition, conducting international operations subjects us to risks such as the lack of familiarity with and unexpected changes in foreign regulatory requirements; difficulties in managing and staffing international operations; fluctuations in currency exchange rates; potentially adverse tax consequences, including foreign value added tax systems, and restrictions on repatriation of earnings; the burdens of complying with a wide variety of foreign laws and legal standards; increased financial accounting and reporting burdens and complexities; the lack of strong intellectual property regimes and political, social and economic instability abroad. Operating in international markets also requires significant management attention and financial resources. The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability.

Fluctuations in exchange rates may adversely affect our results of operations.

Our functional and reporting currency is pounds sterling and substantially all of our costs are denominated in pounds sterling. However, Broadcasting revenue from our participation in UEFA competitions, as well as certain other revenue, is generated in Euros. We also occasionally enter into transfer agreements or commercial partner agreements which are payable in Euros. In addition, we have US dollar currency exposure relating to our secured term loan facility and senior secured notes as well as Commercial revenue from certain sponsors. We hedge the foreign exchange risk on a portion of our future US dollar revenues using a portion of our US dollar denominated secured term loan facility and senior secured notes as the hedging instrument. While we recorded foreign exchange gains in our income statement on our unhedged US dollar denominated secured term loan facility and senior secured notes of £5.0 million and £1.8 million for the years ended

30 June 2018 and 2017, respectively, we incurred a loss of £4.1 million for the year ended 30 June 2016. For the years ended 30 June 2018, 2017 and 2016 approximately 6.5%, 7.0% and 7.0% of our total revenue was generated in Euros, respectively, and approximately 20.7%, 21.3% and 24.0% of our total revenue was generated in US dollars, respectively. We may also enter into foreign exchange contracts to hedge a portion of this transactional exposure. We offset the value of our non-sterling revenue and the value of the corresponding hedge before including such amounts in our overall revenue. Our results of operations have in the past and will in the future fluctuate due to movements in exchange rates.

Failure to adequately protect our intellectual property and curb the sale of counterfeit merchandise could injure our brand.

Like other popular brands, we are susceptible to instances of brand infringement (such as counterfeiting and other unauthorized uses of our intellectual property rights). We seek to protect our brand assets by ensuring that we own and control certain intellectual property rights in and to those assets and, where appropriate, by enforcing those intellectual property rights. For example, we own the copyright in our logo, and our logo and trade name are registered as trademarks (or are the subject of applications for registration) in a number of jurisdictions in Europe, Asia Pacific, Africa, North America and South America. However, it is not possible to detect all instances of brand infringement. Additionally, where instances of brand infringement are detected, we cannot guarantee that such instances will be prevented as there may be legal or factual circumstances which give rise to uncertainty as to the validity, scope and enforceability of our intellectual property rights in the brand assets. Furthermore, the laws of certain countries in which we license our brand and conduct operations, particularly those in Asia (such as China) may not offer the same level of protection to intellectual property rights holders as those in the United Kingdom, the rest of Europe and the United States, or the time required to enforce our intellectual property rights under these legal regimes may be lengthy and delay recovery. For example, the unauthorized use of intellectual property is common and widespread in China and enforcement of intellectual property rights by Chinese regulatory agencies is inconsistent. If we were to fail or be unable to secure, protect, maintain and/or enforce the intellectual property rights which vest in our brand assets, then we could lose our exclusive right to exploit such brand assets. Infringement of our trademark, copyright and other intellectual property rights could have an adverse effect on our business. We also license our intellectual property rights to third parties. In an effort to protect our brand, we enter into licensing agreements with these third parties which govern the use of our intellectual property and which require our licensees to abide by quality control standards with respect to such use. Although we make efforts to police our licensees' use of our intellectual property, we cannot assure you that these efforts will be sufficient to ensure their compliance. The failure of our licensees to comply with the terms of their licenses could have a material adverse effect on our business, results of operations, financial condition and cash flow.

We are subject to governmental regulation and other legal obligations related to privacy, data protection and data security. Our actual or perceived failure to comply with such obligations could harm our business.

We are subject to diverse laws and regulations relating to data privacy and security, including, in the EU and shortly in the EEA, Regulation 2016/679, known as the General Data Protection Regulation (the "GDPR"). New global privacy rules are being enacted and existing ones are being updated and strengthened. We are likely to be required to expend significant capital and other resources to ensure ongoing compliance with these laws and regulations. Claims that we have violated individuals' privacy rights or breached our data protection obligations, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

We collect and process personal data from our followers, customers, members, suppliers, business contacts and employees as part of the operation of our business (including online merchandising), and therefore we must comply with data protection and privacy laws in the United Kingdom and, in certain situations, other jurisdictions where our followers reside. The United Kingdom enacted a new Data Protection Act 2018 in May 2018, which implements the GDPR and imposes more stringent operational requirements for controllers of personal data, including, for example, higher standards for obtaining consent from individuals to process their personal data (including, in certain circumstances for marketing and other follower engagement), more robust disclosures to individuals and a strengthened individual data rights regime, shortened timelines for data breach notifications, limitations on retention of information, and additional obligations when we contract third-party processors in connection with the processing of personal data. In addition, we are exposed to the risk that the personal data we control could be wrongfully accessed and/or used, whether by employees, followers or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If we or any of the third party service providers on which we rely fail to process such personal data in a lawful or secure manner or if any theft or loss of personal data were to occur, we could face liability under data protection laws, and we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data and/or fines of up to 20 million Euros or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher. In addition to statutory enforcement, a personal data breach can lead to compensation claims by affected individuals, negative publicity and a potential loss of business.

In recent years, US and European lawmakers and regulators have expressed concern over electronic marketing and the use of third-party cookies, web beacons and similar technology for online behavioral advertising. In the EU, marketing is defined broadly to include any promotional material and the rules specifically on e-marketing are currently set out in the ePrivacy Directive which will be replaced by a new ePrivacy Regulation. While the ePrivacy Regulation was originally intended to be adopted on 25 May 2018 (alongside the GDPR), it is still going through the European legislative process and commentators now expect it to be adopted during the second half of 2019. The current draft of the ePrivacy Regulation imposes strict opt-in e-marketing rules with limited exceptions to business to business communications and significantly increases fining powers to the same levels as GDPR. Regulation of cookies and web beacons may lead to broader restrictions on our online activities, including efforts to understand followers' internet usage and promote ourselves to them.

Piracy and illegal live streaming may adversely impact our Broadcasting revenue.

For each of the years ended 30 June 2018, 2017 and 2016, Broadcasting revenue constituted 34.6%, 33.4% and 27.3%, respectively, of our total revenue. Our Broadcasting revenue is principally generated by the broadcasting of our matches on pay and free-to-air television channels as well as content delivered over the internet and through our own television channel, MUTV. In recent years, piracy and illegal live streaming of subscription content over the internet has caused, and is continuing to cause, lost revenue to media distributors showing our matches. For example, the Premier League previously initiated litigation against Google and YouTube for facilitating piracy and illegal streaming of subscription content. While this litigation matter has been settled there can be no guarantee that this or similar actions will prevent or limit future piracy or illegal streaming of subscription content. If these trends increase or continue unabated, they could pose a risk to subscription television services. The result could be a reduction in the value of our share of football broadcasting rights and of our online and MUTV services, which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Our operating results may fluctuate due to seasonality.

Our operating results are subject to seasonal variation, limiting the overall comparability and predictability of interim financial periods. The seasonality of our operating results is primarily attributable to the number of games played in each financial period and therefore Matchday and Broadcasting revenue recognized. Similarly, certain of our costs derive from hosting games at Old Trafford, and these costs will also vary based on the number of games played in the period. We have historically generated higher revenue in the second and third quarters of our fiscal year. Our business might be affected by our first team reaching the later stages of European and domestic competitions, which would generate significant additional Broadcasting and Matchday revenue during the fourth quarter of our fiscal years. Our cash flow may also vary among interim periods due to the timing of significant payments from major commercial agreements. As a result, our interim results and any quarterly financial information that we publish should not be viewed as an indicator of our performance for the fiscal year.

We are subject to tax in multiple jurisdictions, and changes in tax laws (or in the interpretations thereof) in the United States or in other jurisdictions could have an adverse effect on us.

Although we are organized as a Cayman Islands exempted company, we report as a US domestic corporation for US federal income tax purposes and we are subject to US federal income tax (at a statutory rate of 28% for the fiscal year ended 30 June 2018 and 21% for subsequent years) on our worldwide income.

In addition, we are subject to income and other taxes in various other jurisdictions. The amount of tax we pay is subject to our interpretation and application of tax laws in jurisdictions in which we operate. Changes in current or future laws or regulations, or the imposition of new or changed tax laws or regulations or new related interpretations by taxing authorities in the US or foreign jurisdictions, could adversely affect our business, results of operations, financial condition and cash flow.

In particular, the Tax Cuts and Jobs Act (the "TCJA") has resulted in multiple amendments to US federal tax law resulting in significant changes to, and uncertainty with respect to, tax legislation, regulation and government policy. See "— The recently enacted US federal income tax reform bill could adversely affect our business and financial condition."

The recently enacted US federal income tax reform bill could adversely affect our business and financial condition.

On December 22, 2017, President Donald J. Trump signed into law the TCJA, which significantly revises the US Internal Revenue Code. The TCJA, among other things, contains significant changes to U.S. federal corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitation of the tax deduction for interest expense to 30% of adjusted earnings (except for certain small businesses), limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of US tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the TCJA is uncertain and our business and financial condition could be adversely affected. In addition, it is uncertain if and to what extent various states will conform to the newly enacted federal tax law. The impact of the TCJA on holders of our shares is also uncertain and could be adverse. We urge our shareholders to consult with their legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our shares.

Business interruptions due to natural disasters, terrorist incidents and other events could adversely affect us and Old Trafford.

Our operations can be subject to natural disasters, terrorist incidents and other events beyond our control, such as earthquakes, fires, power failures, telecommunication losses and acts of war. Such events, whether natural or manmade, could cause severe destruction or interruption to our operations, and as a result, our business could suffer serious harm. Our first team regularly tours the world for promotional matches, visiting various countries with a history of terrorism and civil unrest, and as a result, we and our players could be potential targets of terrorism when visiting such countries. In addition, any prolonged business interruption at Old Trafford could cause a decline in Matchday revenue. Our business interruption insurance only covers some, but not all, of these potential events, and even for those events that are covered, it may not be sufficient to compensate us fully for losses or damages that may occur as a result of such events, including, for example, loss of market share and diminution of our brand, reputation and client loyalty. Any one or more of these events could have a material adverse effect on our business, results of operation, financial condition or cash flow.

If we fail to properly manage our anticipated growth, our business could suffer.

The planned growth of our commercial operations may place a significant strain on our management and on our operational and financial resources and systems. To manage growth effectively, we will need to maintain a system of management controls and attract and retain qualified personnel, as well as, develop, train and manage management-level and other employees. Failure to manage our growth effectively could cause us to over-invest or under-invest in infrastructure, and result in losses or weaknesses in our infrastructure, which could have a material adverse effect on our business, results of operations, financial condition and cash flow. Any failure by us to manage our growth effectively could have a negative effect on our ability to achieve our development and commercialization goals and strategies.

Risks Related to Our Industry

An economic downturn and adverse economic conditions may harm our business.

An economic downturn and adverse conditions in the United Kingdom and global markets may negatively affect our operations in the future. Our Matchday and Broadcasting revenue in part depend on personal disposable income and corporate marketing and hospitality budgets. Further, our Commercial and sponsorship revenue are contingent upon the expenditures of businesses across a wide range of industries, and if these industries were to cut costs in response to an economic downturn, our revenue may similarly decline. Weak economic conditions could also cause a reduction in our Commercial and sponsorship, as well as our Broadcasting and Matchday revenue, each of which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

The departure of the United Kingdom from the European Union may adversely affect our operations and financial results.

In June 2016, a majority of voters in the UK elected to withdraw from the EU in a national referendum and, in March 2017, the UK government formally initiated the process of withdrawing from the EU, commonly referred to as “Brexit”. The terms of any withdrawal are subject to a negotiation period that could last at least two years. There is significant uncertainty about the future relationship between the UK and the EU, and there have been calls for certain regions within the UK to preserve their place in the EU by separating from the UK, as well as for the governments of other EU member states to consider withdrawal.

These developments have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Lack of clarity about future UK laws and regulations as the UK determines which EU laws to replace or replicate in the event of withdrawal could decrease foreign direct investment in the UK, increase costs, depress economic activity and restrict our access to capital. If the UK and the EU are unable to negotiate acceptable withdrawal terms or if other EU member states pursue withdrawal, barrier-free access between the UK and other EU member states or among the European economic area overall could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition, results of operations, financial condition and cash flow.

Furthermore, although it is unknown what the terms of the UK's future relationship with the EU, if any, will be, or which EU laws the UK will replace or replicate in the event of withdrawal, it is possible that there will be greater restrictions on imports and exports between the UK and EU member states, greater restrictions on the movement of players between the UK and EU member states, and other increased regulatory complexities. In particular, FIFA rules currently prohibit the international transfer of players under the age of 18 subject to certain limited exceptions, including an exception that permits the transfer of players between the ages of 16 and 18 within the territory of the EU or the EEA (subject to the satisfaction of certain conditions). Should the UK cease to be a part of the EU and the EEA, we will no longer be able to rely on this exception. Any of the changes described above may have a material adverse effect on our business, results of operations, financial condition and cash flow and our ability to continue to compete with the top football clubs in Europe.

An increase in the relative size of salaries or transfer costs could adversely affect our business.

Our success depends on our ability to attract and retain the highest quality players and coaching staff. As a result, we are obliged to pay salaries generally comparable to our main competitors in England and Europe. Any increase in salaries may adversely affect our business, results of operations, financial condition and cash flow.

Other factors that affect player salaries, such as changes in personal tax rates, changes to the treatment of income or other changes to taxation in the United Kingdom and the relative strength of pounds sterling, may make it more difficult to attract top players and coaching staff from Europe or elsewhere or require us to pay higher salaries to compensate for higher taxes or less favorable exchange rates. In addition, if our revenue falls and salaries remain stable (for example as a result of fixed player or coaching staff salaries over a long period) or increase, our results of operations would be materially adversely affected.

An increase in transfer fees would require us to pay more than expected for the acquisition of players' registrations in the future. In addition, certain players' transfer values may diminish after we acquire them, and we may sell those players for transfer fees below their net book value, resulting in a loss on disposal of players' registrations. Net transfer costs could also increase if levies imposed by FIFA, the Premier League or any other organization in respect of the transfer of players' registrations were to increase.

We remain committed to attracting and retaining the highest quality players and key football management staff for our first team. Our average annual net registrations capital expenditure over the last 5 years has been £104.1 million and we continue to expect it to vary significantly from period to period. We may explore new player acquisitions in connection with future transfer periods that may materially increase the amount of our net capital expenditure on intangible assets. As part of any material increase in net capital expenditure on intangible assets, we may also experience a material increase in our expenditure for player salaries. The actual amount of cash we use on player acquisitions will also depend, in part, on the amount of any cash we receive as a result of the sale of any players. Any increase in net capital expenditure on intangible assets compared to historic levels will also result in an increase in amortization expenses in future periods.

UEFA and Premier League regulations could negatively affect our business.

As the primary governing body of European football, UEFA continually evaluates the dynamics in the football industry and considers changes to the regulatory framework governing European football clubs. As an example, clubs participating in the Champions League and Europa League competitions are subject to the UEFA Club Licensing and Financial Fair Play regulations ("FFP regulations"). Breaches in the rules may result in, among other things, withholding of prize money, bans on registering new players for UEFA competitions and ultimately disqualification from UEFA competitions. Amongst other things, these rules are intended to discourage clubs from continually operating at a loss and to ensure that clubs settle their football, staff and tax creditors on time. Breaches of FFP regulations, for example, where relevant costs (which includes all wage costs and the amortization of player capital expenditures, but excludes depreciation of tangible fixed assets, youth development and community expenditure) exceed revenues on a cumulative basis over a three-year period, or serious delays in settling creditors, have resulted in clubs being punished by way of significant fines and even exclusion from UEFA competitions.

The Premier League has also introduced regulations that aim to promote sustainability through profitability. The Profitability and Sustainability regulations contain a break-even test, similar to that in UEFA's FFP regulations. Our most recent submission was based on the fiscal years ended 30 June 2016 and 2017 and provided a positive result. In addition, the short-term regulations introduced by the Premier League in season 2013/14 which limited the annual increase in aggregate player remuneration unless such increases are funded by additional revenue from sources other than Premier League broadcasting revenue have been extended until the 2018/19 season. Wide-ranging sanctions, including significant fines, player transfer restrictions and Premier League points deduction, may be imposed by the Premier League for breaches of either of these regulations.

There is a risk that application of the FFP regulations and Premier League profitability and sustainability regulations could have a material adverse effect on the performance of our first team and our business, results of operations, financial condition and cash flow.

We could be negatively affected by current and other future Premier League, FA, UEFA or FIFA regulations.

Future changes to the Premier League, FA, UEFA, FIFA or other regulations may adversely affect our results of operations. These regulations could cover various aspects of our business, such as the format of competitions, the eligibility of players, the operation of the transfer market and the distribution of Broadcasting revenue. In addition, changes are being considered to address the financial sustainability of clubs such as more robust ownership rules and tests in relation to board directors and significant shareholders. In particular, changes to football regulations designed to promote competition could have a significant impact on our business. Such changes could include changes to the distribution of broadcasting income, changes to the relegation structure of English football and restrictions on player spending. In addition, rules designed to promote the development of local players, such as the Home Grown Player Rule, which requires each Premier League club to include at least eight "home grown" (i.e. players that have been registered for at least three seasons at an English or Welsh club between the ages of 16 and 21) players in their squads, could limit our ability to select players. Any of these changes could make it more difficult for us to acquire top quality players and, therefore, adversely affect the performance of our first team.

Changes in the format of the league and cup competitions in which our first team plays, or might in the future play, could have a negative impact on our results of operations. In addition, in the event that new competitions are introduced to replace existing competitions (for example, a European league), our results of operations may be negatively affected.

There could be a decline in our popularity or the popularity of football.

There can be no assurance that football will retain its popularity as a sport around the world and its status in the United Kingdom as the so-called "national game," together with the associated levels of media coverage. In addition, we could suffer a decline in popularity. Any decline in popularity could result in lower ticket sales, Broadcasting revenue, sponsorship revenue, a reduction in the value of our players or our brand, or a decline in the value of our securities, including our Class A ordinary shares. Any one of these events or a combination of such events could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Risk Related to Our Indebtedness

Our indebtedness could adversely affect our financial health and competitive position.

As of 30 June 2018, we had total indebtedness of £495.8 million. Our indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. It could also have effects on our business. For example, it could:

- limit our ability to pay dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a material portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund the hiring and retention of players and coaching staff, working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the football industry;
- affect our ability to compete for players and coaching staff; and
- limit our ability to borrow additional funds.

In addition, our revolving facility, our secured term loan facility and the note purchase agreement governing the senior secured notes contain, and any agreements evidencing or governing other future indebtedness may contain, certain restrictive covenants that will limit our ability to engage in certain activities that are in our long-term best interests (see "—Our indebtedness may restrict our ability to pursue our business strategies" below). We have not previously breached and are not in breach of any of the covenants under any of these facilities; however our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our indebtedness.

To service our indebtedness, we require cash, and our ability to generate cash is subject to many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to the performance and popularity of our first team as well as general economic, financial, competitive, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. Failure to refinance our indebtedness on terms we believe to be acceptable could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Our indebtedness may restrict our ability to pursue our business strategies.

Our revolving facility, our secured term loan facility and the note purchase agreement governing the senior secured notes limit our ability, among other things, to:

- incur additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem our shares;
- make investments;
- sell assets, including capital stock of restricted subsidiaries;
- enter into agreements restricting our subsidiaries' ability to pay dividends;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into sale and leaseback transactions;
- enter into transactions with our affiliates; and
- incur liens.

Our ability to comply with these covenants and restrictions may be affected by events beyond our control. If we breach any of these covenants or restrictions, we could be in default under our revolving facility, our secured term loan facility and the note purchase agreement governing the senior secured notes. This would permit the lending banks under our revolving facility and our secured term loan facility to take certain actions, including declaring all amounts that we have borrowed under our revolving facility, secured term loan facility and other indebtedness to be due and payable, together with accrued and unpaid interest. This would also result in an event of default under the note purchase agreement governing the senior secured notes. Furthermore, lending banks could refuse to extend further credit under the revolving facility. If the debt under our revolving facility, our secured term loan facility, the note purchase agreement governing the senior secured notes or any other material financing arrangement that we enter into were to be accelerated, our assets, in particular liquid assets, may be insufficient to repay our indebtedness. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

We are subject to interest rate risk in connection with borrowings under our revolving facility and our secured term loan facility, which bear interest at variable rates. Interest rate changes could impact the amount of our interest payments, and accordingly, our future earnings and cash flow, assuming other factors are held constant. We have entered into an interest rate swap related to our secured term loan facility that involves the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. As of 30 June 2018, we had £168,347,000 of variable rate indebtedness outstanding under our secured term loan facility. We cannot assure you that any hedging activities entered into by us will be effective in fully mitigating our interest rate risk from our variable rate indebtedness.

Risks Related to Ownership of Our Class A Ordinary Shares

Because of their increased voting rights, the holders of our Class B shares will be able to exert control over us and our significant corporate decisions.

Trusts and other entities controlled by six lineal descendants of Mr. Malcolm Glazer collectively own 7.45% of our issued and outstanding Class A ordinary shares and all of our issued and outstanding Class B ordinary shares, representing 97.07% of the voting power of our outstanding capital stock. See "Item 7. Major Shareholders and Related Party Transactions – A. Major Shareholders." Each Class A ordinary share is entitled to one vote per share and is not convertible into any other class of shares. Each Class B ordinary share is entitled to 10 votes per share and is convertible into one Class A ordinary share at any time. In addition, our Class B ordinary shares will automatically convert into shares of our Class A ordinary shares upon certain transfers and other events, including upon the date when holders of all Class B ordinary shares cease to hold Class B ordinary shares representing at least 10% of the total number of Class A and Class B ordinary shares outstanding. For special resolutions, which require the vote of two-thirds of the votes cast, at any time that Class B ordinary shares remain outstanding, the voting power permitted to be exercised by the holders of the Class B ordinary shares will be weighted such that the Class B ordinary shares shall represent, in the aggregate, 67% of the voting power of all shareholders. As a result, the holders of our Class B shares will be able to exert a significant degree of influence or actual control over our management and affairs and control all matters submitted to our shareholders for approval, including the election and removal of directors and any merger, consolidation, or sale of all or substantially all of our assets. The interests of the holders of our Class B shares might not coincide with the interests of the other shareholders. This concentration of voting power in our Class B shares may harm the value of our Class A ordinary shares, among other things:

- delaying, deferring or preventing a change in control of our Company;
- impeding a merger, consolidation, takeover or other business combination involving our Company; or
- causing us to enter into transactions or agreements that are not in the best interests of all shareholders.

As a foreign private issuer within the meaning of the New York Stock Exchange's corporate governance rules, we are permitted to, and we do, rely on exemptions from certain of the New York Stock Exchange corporate governance standards, including the requirement that a majority of our board of directors consist of independent directors. Our reliance on such exemptions may afford less protection to holders of our Class A ordinary shares.

The New York Stock Exchange's corporate governance rules require listed companies to have, among other things, a majority of independent board members and independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, we are permitted to, and we do, follow home country practice in lieu of the above requirements. As long as we rely on the foreign private issuer exemption to certain of the New York Stock Exchange corporate governance standards, a majority of the directors on our board of directors are not required to be independent directors, our remuneration committee is not required to be comprised entirely of independent directors and we are not required to have a nominating and corporate governance committee. Therefore, our board of directors' approach to governance may be different from that of a board of directors consisting of a majority of independent directors, and, as a result, the management oversight of our Company may be more limited than if we were subject to all of the New York Stock Exchange corporate governance standards.

Accordingly, our shareholders do not have the same protection afforded to shareholders of companies that are subject to all of the New York Stock Exchange corporate governance standards, and the ability of our independent directors to influence our business policies and affairs may be reduced.

The obligations associated with being a public company require significant resources and management attention.

As a public company in the United States, we incur legal, accounting and other expenses that we did not previously incur as a private company. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increases demand on our systems and resources. The Exchange Act requires that we file annual and current reports with respect to our business, financial condition and results of operations. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal control over financial reporting and, as discussed in more detail below, beginning with this Annual Report, requires our independent registered public accounting firm to attest to the effectiveness of such internal control. Furthermore, the demands of being a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, financial condition and results of operations. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to continue to meet our reporting obligations as a public company. However, the measures we have taken, and will continue to take, may not be sufficient to satisfy our obligations as a public company. In addition, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, these rules and regulations make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the same or similar coverage. These additional obligations could have a material adverse effect on our business, financial condition, results of operations and cash flow.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business, financial condition, results of operations and cash flow could be adversely affected.

Furthermore, we have ceased to be an emerging growth company and are therefore no longer able to take advantage of certain exemptions from various requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. As such, our independent registered public accounting firm will now be required to attest to the effectiveness of our internal control over financial reporting. Even if our management concludes that our internal controls over financial reporting are effective, our independent registered public accounting firm may decline to attest to our management's assessment or may issue a report that is qualified if it is not satisfied with our controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. Failure to comply with Section 404 could subject us to regulatory scrutiny and sanctions, impair our ability to raise revenue, cause investors to lose confidence in the accuracy and completeness of our financial reports and negatively affect our share price.

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses*.**

We are a "foreign private issuer," as such term is defined in Rule 405 under the Securities Act, and therefore, we are not required to comply with all the periodic disclosure and current reporting requirements of the Exchange Act and related rules and regulations. Under Rule 405, the determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter and, accordingly, the next determination will be made with respect to us on 31 December 2018.

In the future, we would lose our foreign private issuer status if a majority of our shareholders, directors or management are US citizens or residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. Although we have elected to comply with certain US regulatory provisions, our loss of foreign private issuer status would make such provisions mandatory. The regulatory and compliance costs to us under US securities laws as a US domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on US domestic issuer forms with the US Securities and Exchange Commission (the "SEC"), which are more detailed and extensive than the forms available to a foreign private issuer. For example, the annual report on Form 10-K requires domestic issuers to disclose executive compensation information on an individual basis with specific disclosure regarding the domestic compensation philosophy, objectives, annual total compensation (base salary, bonus, equity compensation) and potential payments in connection with change in control, retirement, death or disability, while the annual report on Form 20-F permits foreign private issuers to disclose compensation information on an aggregate basis. We will also have to mandatorily comply with US federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We may also be required to modify certain of our policies to comply with good governance practices associated with US domestic issuers. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on US stock exchanges that are available to foreign private issuers.

Anti-takeover provisions in our organizational documents and Cayman Islands law may discourage or prevent a change of control, even if an acquisition would be beneficial to our shareholders, which could depress the price of our Class A ordinary shares and prevent attempts by our shareholders to replace or remove our current management.

Our amended and restated memorandum and articles of association contain provisions that may discourage unsolicited takeover proposals that shareholders may consider to be in their best interests. In particular, our amended and restated memorandum and articles of association permit our board of directors to issue preference shares from time to time, with such rights and preferences as they consider appropriate. Our board of directors could also authorize the issuance of preference shares with terms and conditions and under circumstances that could have an effect of discouraging a takeover or other transaction. We are also subject to certain provisions under Cayman Islands law which could delay or prevent a change of control. In particular, any merger, consolidation or amalgamation of the Company would require the active consent of our board of directors. Our board of directors may be appointed or removed by the holders of the majority of the voting power of our ordinary shares (which is controlled by the holders of our Class B ordinary shares). Together these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our Class A ordinary shares.

The price of our Class A ordinary shares might fluctuate significantly, and you could lose all or part of your investment.

Volatility in the market price of our Class A ordinary shares may prevent investors from being able to sell their shares of our Class A ordinary shares at or above the price they paid for such shares. The trading price of our Class A ordinary shares may be volatile and subject to wide price fluctuations in response to various factors, including:

- performance of our first team;
- the overall performance of the equity markets;
- industry related regulatory developments;
- issuance of new or changed securities analysts' reports or recommendations;
- additions or departures of key personnel;
- investor perceptions of us and the football industry, changes in accounting standards, policies, guidance, interpretations or principles;
- sale of our Class A ordinary shares by us, our principal shareholders or members of our management;
- general economic conditions;
- changes in interest rates; and
- availability of capital.

These and other factors might cause the market price of our Class A ordinary shares to fluctuate substantially, which might limit or prevent investors from readily selling their shares of our Class A ordinary share and may otherwise negatively affect the liquidity of our Class A ordinary shares. In addition, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies across many industries. The changes frequently appear to occur without regard to the operating performance of the affected companies. Accordingly, the price of our Class A ordinary shares could fluctuate based upon factors that have little or nothing to do with our Company, and these fluctuations could materially reduce our share price. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. This litigation, if instituted against us, could result in substantial costs, divert our management's attention and resources, and harm our business, operating results and financial condition.

Future sales of our Class A ordinary shares, or the perception in the public markets that these sales may occur, may depress our stock price.

Sales of substantial amounts of our Class A ordinary shares, or the perception that these sales could occur, could adversely affect the price of our Class A ordinary shares and could impair our ability to raise capital through the sale of additional shares. As of 4 September 2018 we had 40,526,390 Class A ordinary shares outstanding. The Class A ordinary shares are freely tradable without restriction under the Securities Act, except for any of our Class A ordinary shares that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

All of our Class A ordinary shares outstanding as of the date of this Annual Report may be sold in the public market by existing shareholders, subject to applicable Rule 144 volume limitations and other limitations imposed under federal securities laws.

In the future, we may also issue our securities if we need to raise capital in connection with a capital raise or acquisition. The amount of our Class A ordinary shares issued in connection with a capital raise or acquisition could constitute a material portion of our then-outstanding Class A ordinary shares.

Our ability to pay regular dividends is subject to restrictions in our revolving facility, our secured term loan facility, the note purchase agreement governing the senior secured notes, results of operations, distributable reserves and solvency requirements; our Class A ordinary shares have no guaranteed dividends and holders of our Class A ordinary shares have no recourse if dividends are not declared.

In fiscal year 2018 we paid two semi-annual cash dividends on our Class A ordinary shares and Class B ordinary shares of $0.09 per share. Dividends paid in the year ended 30 June 2018 amounted to $29,555,000 ($0.18 per share), the pounds sterling equivalent of which was £21,982,000 (£0.13 per share). We expect to continue paying regular dividends to our Class A ordinary shareholders and Class B ordinary shareholders. The declaration and payment of any future dividends, however, will be at the sole discretion of our board of directors or a committee thereof and will depend upon our results of operations, financial condition, distributable reserves, contractual restrictions, restrictions imposed by applicable law, capital requirements and other factors our board of directors (or such committee thereof) deems relevant. Furthermore, neither of our Class A ordinary shares nor our Class B ordinary shares have any guaranteed dividends and holders of our Class A ordinary shares and holders of our Class B ordinary shares have no recourse if dividends are not declared. Our ability to pay dividends on the Class A ordinary shares and Class B ordinary shares is limited by our revolving facility, our secured term loan facility and the note purchase agreement governing the senior secured notes, which contain restricted payment covenants. The restricted payment covenants allow dividends in certain circumstances, including to the extent dividends do not exceed 50% of the cumulative consolidated net income of Red Football Limited and its restricted subsidiaries, provided there is no event of default and Red Football Limited is able to meet the principal and interest payments on its debt under a fixed charge coverage test. Our ability to pay dividends may be further restricted by the terms of any of our future debt or preferred securities. Additionally, because we are a holding company, our ability to pay dividends on our Class A ordinary shares and Class B ordinary shares is limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our indebtedness. As a consequence of these limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our Class A ordinary shares. Accordingly, you may have to sell some or all of your Class A ordinary shares after price appreciation in order to generate cash flow from your investment. You may not receive a gain on your investment when you sell your Class A ordinary shares and you may lose the entire amount of the investment. Additionally, any change in the level of our dividends or the suspension of the payment thereof could adversely affect the market price of our Class A ordinary shares. See “Item 8. Financial Information – A. Consolidated Financial Statements and Other Financial Information – Dividend Policy.”

The rules of the Premier League and our amended and restated memorandum and articles of association impose certain limitations on shareholders’ ability to invest in more than one football club.

The rules of the Premier League prohibit any person who holds an interest of 10% or more of the total voting rights exercisable in a Premier League football club from holding an interest in voting rights exercisable in any other Premier League football club. As a result, our amended and restated memorandum and articles of association prohibit the acquisition of (i) 10% or more of our Class A ordinary shares if they hold any interest in voting rights exercisable in another Premier League football club and (ii) any Class A ordinary shares if they hold an interest of 10% or more of the total voting rights exercisable in another Premier League football club. In addition, under our amended and restated memorandum and articles of association, if any shareholder is determined by us, at our absolute discretion, to be holding any Class A ordinary shares in violation of this rule or the rules of certain other relevant governing bodies, we have the right to repurchase shares from such person or direct that shareholder to transfer those shares to another person.

Exchange rate fluctuations may adversely affect the foreign currency value of the Class A ordinary shares and any dividends.

Our Class A ordinary shares are quoted in US dollars on the New York Stock Exchange. Our financial statements are prepared in pounds sterling. Fluctuations in the exchange rate between the pounds sterling and the US dollar will affect, among other matters, the US dollar value of the Class A ordinary shares and of any dividends.

The rights afforded to shareholders are governed by the laws of the Cayman Islands.

Our corporate affairs and the rights afforded to shareholders are governed by our amended and restated memorandum and articles of association and by the Companies Law (2011 Revision) of the Cayman Islands, as amended and restated from time to time (the “Companies Law”) and common law of the Cayman Islands, and these rights differ in certain respects from the rights of shareholders in typical US corporations. In particular, the laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedent in existence in the United States. The laws of the Cayman Island provide only limited circumstances under which shareholders of companies may bring derivative actions and (except in limited circumstances) do not afford appraisal rights to dissenting shareholders in the form typically available to shareholders of a US corporation other than in limited circumstances in relation to certain mergers. A summary of Cayman Islands law on the protection of minority shareholders is set out in “Item 10. Additional Information — B. Memorandum and Articles of Association and Other Share Information.”

We report as a US domestic corporation for US federal income tax purposes.

As discussed more fully under “Item 10. Additional Information – E. Taxation,” due to the circumstances of our formation and the application of Section 7874 of the US Internal Revenue Code of 1986, as amended (the “Code”), we report as a US domestic corporation for all purposes of the Code. As a result, we are subject to US federal income tax on our worldwide income. In addition, if we pay dividends to a Non-US Holder, as defined in the discussion “Item 10. Additional Information — E. Taxation,” we will be required to withhold US federal income tax at the rate of 30%, or such lower rate as may be provided in an applicable income tax treaty. Each investor should consult its own tax adviser regarding the US federal income tax position of the Company and the tax consequences of holding the Class A ordinary shares.

Withholding under the Foreign Account Tax Compliance Act may apply to our dividends and gross proceeds from the sale or other disposition of our Class A ordinary shares.

Under legislation incorporating provisions referred to as the Foreign Account Tax Compliance Act (“FATCA”), a 30% withholding tax will generally apply to certain types of payments, including US source dividends and gross proceeds from the disposition of equity securities that produce US source dividends, made to "foreign financial institutions" (as defined under those rules) and certain other non-US entities, unless such foreign financial institutions or other entities comply with requirements under FATCA or are otherwise exempt from such requirements. Because we report as a US domestic corporation for all purposes of the Code, including for purposes of FATCA, our dividends as well as gross proceeds from the sale or other disposition of our Class A ordinary shares paid to a foreign financial institution or other non-US entity may be subject to potential withholding under FATCA. Under the applicable Treasury regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our Class A ordinary shares, and also will apply on or after 1 January 2019 to payments of gross proceeds from a sale or other disposition of Class A ordinary shares. Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to an investment in our Class A ordinary shares.

If securities or industry analysts do not publish research or reports or publish unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Class A ordinary shares depends in part on the research and reports that securities or industry analysts publish about us, our business or our industry. If one or more of the analysts who covers us downgrades our stock, our share price will likely decline. If one or more of these analysts ceases to cover us or fails to publish regular reports on us, interest in the purchase of our Class A ordinary shares could decrease, which could cause our stock price or trading volume to decline.

It may be difficult to enforce a US judgment against us, our directors and officers and certain experts named in this Annual Report outside the United States, or to assert US securities law claims outside of the United States.

The majority of our directors and executive officers are not residents of the United States, and the majority of our assets and the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon us within the United States or other jurisdictions, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. Additionally, it may be difficult to assert US securities law claims in actions originally instituted outside of the United States. Foreign courts may refuse to hear a US securities law claim because foreign courts may not be the most appropriate forums in which to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the law of the jurisdiction in which the foreign court resides, and not US law, is applicable to the claim. Further, if US law is found to be applicable, the content of applicable US law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by the law of the jurisdiction in which the foreign court resides.

In particular, investors should be aware that there is uncertainty as to whether the courts of the Cayman Islands would recognize and enforce judgments of United States courts obtained against us or our directors or management as well as against the selling shareholder predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States or entertain original actions brought in the Cayman Islands courts against us or our directors or officers as well as against the selling shareholder predicated upon the securities laws of the United States or any state in the United States. As a result of the difficulty associated with enforcing a judgment against us, you may not be able to collect any damages awarded by either a US or foreign court.

ITEM 4. INFORMATION ON THE COMPANY

Our Company — Manchester United

Manchester United Ltd., an exempted company with limited liability incorporated under the Companies Law (2011 Revision) of the Cayman Islands, as amended and restated from time to time, was incorporated on 30 April 2012. On 8 August 2012, Manchester United Ltd. changed its legal name to Manchester United plc. The principal executive office address is Sir Matt Busby Way, Old Trafford, Manchester M16 0RA, United Kingdom.

We are one of the most popular and successful sports teams in the world, playing one of the most popular spectator sports on Earth. Through our 140-year heritage we have won 66 trophies, including a record 20 English league titles, enabling us to develop what we believe is one of the world's leading sports brands and a global community of 659 million followers. Our large, passionate community provides us with a worldwide platform to generate significant revenue from multiple sources, including sponsorship, merchandising, product licensing, broadcasting and matchday. We attract leading global companies such as adidas, Aon, and General Motors (Chevrolet) that want access and exposure to our community of followers and association with our brand.

Our global community of followers engages with us in a variety of ways:

- Premier League games at our home stadium, Old Trafford, have been virtually sold out since the 1997/98 season. In the 2017/18 season, our 26 home games were attended by a cumulative audience of over 1.9 million.
- We undertake exhibition games and promotional tours on a global basis, enabling our worldwide followers to see our team play. These games are in addition to our competitive matches and take place during the summer months or during gaps in the football season. Over the last 6 years, we have played 29 exhibition games in Australia, China, Germany, Hong Kong, Ireland, Japan, Norway, South Africa, Sweden, Thailand and the United States, where in 2014, we set a US attendance record for a football match with 109,318 fans at Michigan stadium.
- Our customer relationship management ("CRM") database, a proprietary data repository that includes contact and transactional details of followers and customers around the globe, enables us to analyze and better understand prospects and customers to drive revenues. As of 30 June 2018, the CRM database holds in excess of 51.0 million records, as compared to 47.3 million records as of 30 June 2017, an increase of approximately 3.7 million, or 7.7%. We are now in the final stage of implementing a new CRM data warehouse and marketing automation platform which will allow us to integrate data from multiple untapped sources, to drive a deeper understanding of our fans behavior and preferences, with the aim of further driving revenue. The new platform will also allow us to identify obsolete records and better consolidate and accurately understand the relationships between multiple CRM database records.
- As of 30 June 2018, we also had 154.7 million total social connections, compared to 141.5 million connections as of 30 June 2017, an increase of 13.2 million, or 9.3%. Total social connections include the following:
    - We have a very popular brand page on Facebook with approximately 73.6 million connections as of 30 June 2018. In comparison, each of the New York Yankees and Dallas Cowboys had approximately 8.7 million Facebook connections as of 30 June 2018. Furthermore, we have more Facebook connections than the official pages of NBA, NFL, NHL and MLB combined and we are the most followed Facebook page registered in the United Kingdom according to www.socialbakers.com.
    - As of 30 June 2018, our Twitter accounts had more than 20.9 million followers, an increase of over 53.8% from 30 June 2017.
    - We have over 22.2 million followers on Instagram and we continue to be the most-followed, fastest-growing, and most-engaged Premier League club on the platform.
    - In February 2018, we launched our first official YouTube channel. According to YouTube, we reached one million subscribers faster than any other sports channel.

- We also have a significant presence on Chinese social media, with 9.3 million followers on Sina Weibo and 5.1 million followers on Tencent Weibo – topping all other sports clubs on the platforms. In Mailman Group's "Red Card 2018" report we were named the most influential football club online in China.
  - In May 2018 we launched our new website (www.manutd.co.uk) and in August 2018 we launched our first free global mobile application, which reached number one in the App Store's sports category download charts in 68 markets around the world and was top ten within the sports category in 123 markets. The free global mobile application has monthly active users in over 210 global markets.
  - We have expanded the reach of our in house television network, MUTV, by launching a direct to consumer ("D2C") proposition on iOS, Android, AppleTV, Roku, Amazon Fire & Xbox. Our linear television network continues to be the most subscribed football channel in the UK and is currently available in over 35 million homes globally.
- During the 2017/18 season, according to Futures Data, our games generated a cumulative audience reach of over 3.5 billion viewers across 200 territories; thus on a per game basis our 56 games attracted an average cumulative audience reach of 64 million.
- We have one of the strongest online global brands providing us with significant opportunities to further engage with our followers and develop our media assets and revenue streams.

Our Business Model and Revenue Drivers

We operate and manage our business as a single reporting segment – the operation of a professional sports team. However, we review our revenue through three principal sectors – Commercial, Broadcasting and Matchday.

- ***Commercial:*** Within the Commercial revenue sector, we monetize our global brand via two revenue streams: sponsorship and retail, merchandising, apparel & product licensing.

  - *Sponsorship:* We monetize the value of our global brand and community of followers through marketing and sponsorship relationships with leading international and regional companies around the globe. To better leverage the strength of our brand, we have developed a segmentation sponsorship strategy. Our sponsorship revenue was £173.2 million, £171.5 million and £171.0 million for each of the years ended 30 June 2018, 2017 and 2016, respectively. Sponsorship revenue includes mobile and content revenue of £8.0 million, £9.2 million and £10.9 million for each of the years ended 30 June 2018, 2017 and 2016, respectively, previously shown separately in Commercial revenue.

  - *Retail, Merchandising, Apparel & Product Licensing:* We market and sell sports apparel, training and leisure wear and other clothing featuring the Manchester United brand on a global basis. In addition, we also sell other licensed products, from coffee mugs to bed spreads, featuring the Manchester United brand and trademarks. These products are distributed through Manchester United branded retail centers and e-commerce platforms, as well as our partners' wholesale distribution channels. All of our retail, merchandising, apparel & product licensing business was previously managed by Nike up to the end of July 2015. Our retail, merchandising, apparel & product licensing revenue was £102.9 million, £104.0 million and £97.3 million for each of the years ended 30 June 2018, 2017 and 2016, respectively.

  Our Commercial revenue was £276.1 million, £275.5 million and £268.3 million for each of the years ended 30 June 2018, 2017 and 2016, respectively.

  Our other two revenue sectors, Broadcasting and Matchday, provide predictable cash flow and global media exposure that enables us to continue to invest in the success of the team and expand our brand.

- ***Broadcasting:*** We benefit from the distribution of live football content directly from the revenue we receive and indirectly through increased global exposure for our commercial partners. Broadcasting revenue is derived from the global television rights relating to the Premier League, UEFA competitions and other competitions. In addition, our wholly-owned global television channel, MUTV, delivers Manchester United programming to territories around the world. In addition to our broadcasting channel we also launched a D2C subscription mobile application in season 2016/17 which, as of 30 June 2018, was available in 167 territories. For our 2018 Pre Season Tour we also launched on four 'Connected TV' platforms to enable our fans to watch and subscribe to our content on more platforms, namely Amazon Fire, Apple TV, Roku and Xbox. Broadcasting revenue including, in some cases, prize money received by us in respect of various competitions, will vary from year to year as a result of variability in the amount of available prize money and the performance of our first team in such competitions. Our Broadcasting revenue was £204.1 million, £194.1 million and £140.4 million for each of the years ended 30 June 2018, 2017 and 2016, respectively.

- ***Matchday:*** We believe Old Trafford is one of the world's iconic sports venues. It currently seats 74,989 and is the largest football club stadium in the UK. We have averaged over 99% of attendance capacity for our Premier League matches in each of the last 20 years. Matchday revenue will vary from year to year as a result of the number of home games played and the performance of our first team in various competitions. Our Matchday revenue was £109.8 million, £111.6 million and £106.6 million for each of the years ended 30 June 2018, 2017 and 2016, respectively.

Total revenue for the years ended 30 June 2018, 2017 and 2016 was £590.0 million, £581.2 million and £515.3 million, respectively.

Our Competitive Strengths

We believe our key competitive strengths are:

- ***One of the most successful sports teams in the world:*** Founded in 1878, Manchester United is one of the most successful sports teams in the world — playing one of the world's most popular spectator sports. We have won 66 trophies in nine different leagues, competitions and cups since 1908. Our ongoing success is supported by our highly developed football infrastructure and global scouting network.

- ***A globally recognized brand with a large, worldwide following:*** Our 140-year history, our success and the global popularity of our sport have enabled us to become, we believe, one of the world's most recognizable brands. We enjoy the support of our worldwide community of 659 million followers. The composition of our follower base is far reaching and diverse, transcending cultures, geographies, languages and socio-demographic groups, and we believe the strength of our brand goes beyond the world of sports.

- ***Ability to successfully monetize our brand:*** The popularity and quality of our globally recognized brand make us an attractive marketing partner for companies around the world. Our community of followers is strong in emerging markets, especially in certain regions of Asia, which enables us to deliver media exposure and growth to our partners in these markets.

- ***Well established marketing infrastructure driving Commercial revenue growth:*** We have a large global team, working from the UK and Hong Kong, dedicated to the development and monetization of our brand and to the sourcing of new revenue opportunities. The team has considerable experience and expertise in sponsorship sales, customer relationship management, marketing execution, advertising support and brand development. In addition, we have developed an increasing range of case studies, covering multiple sponsorship categories and geographies, which in combination with our many years' experience enables us to demonstrate and deliver an effective set of marketing capabilities to our partners on a global and regional basis. Our team is dedicated to the development and monetization of our brand and to the sourcing of new revenue opportunities.

- ***Sought-after content capitalizing on the proliferation of digital and social media:*** We produce content that is followed year-round by our global community of followers. Our content distribution channels are international and diverse, and we actively adopt new media channels to enhance the accessibility and reach of our content. We believe our ability to generate proprietary and exclusive content, which we distribute on our own global platforms as well as via popular third party social media platforms such as Facebook, Instagram, Twitter, YouTube, Sina Weibo and others, constitute an ongoing growth opportunity. Following the successful D2C launch of MUTV on iOS, Android, and MUTV.com last season, and building on the global success of its linear distribution, in July 2018 we launched MUTV applications on 'connected TV' platforms – namely, AppleTV, Roku, Amazon Fire & Xbox. This gives our fans the ability to watch MUTV from the comfort of their living room, without a cable subscription. Existing subscribers to the MUTV mobile application and web platforms can access these new platforms for free via a universal login feature which allows the same credentials to be used across several devices. This continued expansion provides MUTV access to a new demographic of the club's fan base. Recent figures show that connected TV usage is highest amongst millennials (18-34 year-olds), representing a growing trend of younger audiences accessing programming on over the top platforms in place of traditional linear television.

- ***Seasoned management team and committed ownership:*** Our senior management has considerable experience and expertise in the football, commercial, media and finance industries.

Our Strategy

We aim to increase our revenue and profitability by expanding our high growth businesses that leverage our brand, global community and marketing infrastructure. The key elements of our strategy are:

- ***Continue to invest in our team, facilities and other brand enhancing initiatives:*** Dating back to our first league championship in 1908 through present day, where we have earned a record number of English League titles, we have enjoyed a rich tradition of football excellence. We believe our many years of on field success coupled with an iconic stadium and high level of fan engagement has driven our leading global brand. We are well positioned to continue reinvesting our free cash flow in brand enhancing initiatives. Our brand begins with strong on-field performance, and we remain committed to attracting and retaining the highest quality players for our first team and coaching staff. To maintain our high standard of performance we will continue to invest in our team. We will also continue to invest in our facilities, including the Old Trafford Stadium, to maintain the quality of service, enhance the fan experience and drive their high level of engagement and loyalty. We have undertaken several recent initiatives at Old Trafford to enhance our Matchday revenue, profitability and the fan experience including restructuring the composition of our stadium, with a particular emphasis on developing premium seating and hospitality facilities. Our commitment to the fan experience has resulted in strong fan loyalty with over 1.9 million cumulative annual attendance and over 99% average attendance for all of our Premier League Games since the 1997/98 season. Furthermore, we continue to invest in several other areas including our digital media assets and emerging markets to grow our global fan base and increase our ability to engage with our fans in multiple ways. We remain committed to investing in our team, our facilities and other initiatives to continue our many years of success and enhance our brand globally. We expect these initiatives will continue to be key drivers of our sales, profit and leading brand recognition going forward.

- ***Expand our portfolio of sponsors:*** We are well-positioned to continue to secure sponsorships with leading brands. We have historically implemented a proactive approach to identifying, securing and supporting sponsors. During fiscal year 2018 we announced two regional sponsorship partnerships, one financial services agreement and extensions to one global and one regional sponsorship partnership. Further deals signed in fiscal year 2018 have since been announced in fiscal year 2019.

- ***Further develop our retail, merchandising, apparel & product licensing business:*** Prior to the end of July 2015, all of our retail, merchandising, apparel & product licensing business was managed by Nike. Currently, we have a 10-year agreement with adidas with respect to our global technical sponsorship and dual-branded licensing rights, which began on 1 August 2015. The agreement with adidas does not include the rights with respect to mono-branded licensing rights or the right to create and operate Manchester United branded soccer schools, physical retail channels and e-commerce retail channels. These are business areas that were previously operated by Nike and the reversion of these rights to Manchester United provides us with increased commercial opportunities and control. In the future, we plan to invest to expand our portfolio of product licensees to enhance the range of product offerings available to our followers. Additionally, we may also seek to refine how we segment the different elements of this business. We may also increase our focus on developing these rights more proactively, alone or with other partners.

- ***Exploit digital media opportunities:*** The rapid shift of media consumption towards internet, mobile and social media platforms presents us with multiple growth opportunities and new revenue streams. Our digital media platforms, applications and social media channels, are expected to become one of the primary methods by which we engage and transact with our fans around the world. We continue to evolve our media team's capability to address these opportunities. Moreover, since 2013, we have wholly owned MUTV ensuring that we have both a greater degree of control over the production, distribution and quality of our proprietary content and better insight into how to evolve our digital media strategy as we continue to develop and roll out carefully targeted new products and services.

  In the 2016/17 season we developed and launched a D2C subscription mobile application on iOS, Android, and MUTV.com, which enabled our fans to watch our live first team tour matches, live academy team matches, exclusively produced original productions and interviews with players and our team manager. This application has enabled us to exploit new overseas territories and, for the first time in the UK and Ireland, fans can watch our MUTV channel through their web browser without a cable or satellite subscription.

Following the successful D2C launch of MUTV, and building on the global success of our linear distribution, in July 2018 we launched MUTV applications on 'connected TV' platforms – namely, AppleTV, Roku, Amazon Fire & Xbox. This gives our fans the ability to watch MUTV from the comfort of their living room, without a cable subscription. This continued expansion provides MUTV access to a new demographic of the club's fan base. Recent figures show that connected TV usage is highest amongst millennials (18-34 year-olds), representing a growing trend of younger audiences accessing programming on over the top platforms and services in place of traditional linear television.

In May 2018 we updated our website www.manutd.com. The new website provides a cleaner design for our fans to navigate through our content. We believe the new website also provides commercial benefits for our business with greater e-commerce opportunities and significantly more digital inventory for our commercial partners to benefit from. Ahead of the commencement of the 2018/19 season we launched our first free global mobile application. The proliferation of mobile devices has resulted in a need for our content to be consumed 'on the go' and in real time. We believe that this mobile application will build upon the aforementioned benefits of the new website and significantly increase the distribution of our content. At launch, we reached number one in the App Store's sports category download charts in 68 markets around the world, top ten within the sports category in 123 markets and currently have active users in over 210 global markets.

In addition to developing our own digital properties, we intend to leverage third party media platforms and other social media as a means of further engaging with our fans and creating a source of traffic for our digital media assets. Our digital media offerings are in the early stages of development and present opportunities for future growth.

- ***Enhance the reach and distribution of our broadcasting rights:*** We are well-positioned to benefit from any increased value and related growth in club distributions associated with the Premier League, the Champions League and other competitions. In February 2018, the Premier League announced that it had sold five out of seven UK live television rights packages, for the three seasons commencing with the 2019/20 season, to Sky Sports and BT Sport, for a combined value of £4.5 billion. In June 2018, the Premier League further announced that it had sold the remaining two packages to BT Sport and Amazon Prime Video, a new entrant to Premier League UK broadcasting contracts. The overall value generated from the sale of the seven packages has not yet been disclosed. This follows the previous deal, which represented an increase of over 70% on the rights for the three seasons commencing with the 2013/14 season and represents the largest UK TV rights deal ever signed. In June 2018, UEFA announced a new three-year media rights agreement worth €3.2 billion for three years commencing in the 2018/19 season. This deal marks an increase of 33% on the previous contract. We believe these new contracts underline the continuing demand for, and popularity of, live sports content and football in particular. Unlike other television programming, the unpredictable outcomes of live sports ensures that individuals consume sports programming in real time and in full, resulting in higher audiences and increased interest from television broadcasters and advertisers.

  Furthermore, MUTV, our global broadcasting platform, delivers Manchester United programming to territories around the world. We plan to continue to expand the distribution of MUTV supported by improving the quality of its content and its production capabilities.

- ***Diversify revenue and improve margins:*** We aim to increase the revenue and operating margins of our business as we further expand our high growth commercial businesses, including sponsorship, retail, merchandising and licensing.

Our Market Opportunity

We believe that we are one of the world's most recognizable global brands with a community of 659 million followers. Manchester United is at the forefront of live football, which is a key component of the global sports market.

Other markets driving our business include the global advertising market, the global pay television market and the global apparel market.

While our business represents only a small portion of our addressable markets and may not grow at a corresponding rate, we believe our global reach and access to emerging markets position us for continued growth.

Our Team's History

Founded in 1878 as Newton Heath L&YR Football Club, our club has operated for over 140 years. The team first entered the English First Division, then the highest league in English football, for the start of the 1892-93 season. Our club name changed to Manchester United Football Club in 1902, and we won the first of our 20 English League titles in 1908. In 1910, we moved to Old Trafford, our current stadium.

In the late 1940s, we returned to on-field success, winning the FA Cup in 1948 and finishing within the top four league positions during each of the first five seasons immediately following the Second World War. During the 1950s, we continued our on-field success under the leadership of manager Sir Matt Busby, who built a popular and famous team based on youth players known as the "Busby Babes."

In February 1958, an airplane crash resulted in the death of eight of our first team players. Global support and tributes followed this disaster as Busby galvanized the team around such popular players as George Best, Bobby Charlton and Denis Law. Rebuilding of the club culminated with a victory in the 1968 European Cup final, becoming the first English club to win this title.

This storied history preceded the highly successful modern era of Manchester United which began in earnest in 1986 when the club appointed Sir Alex Ferguson as manager. In 1990, we won the FA Cup and began a period of success that has continued until the present day. Since 1992, we have won the Premier League 13 times. In total, we have won a record 20 English League titles, 12 FA Cups, 5 EFL Cups, 3 European Champions Cups, 1 European Europa Cup, and 1 FIFA Club World Cup, making us one of the most successful clubs in England.

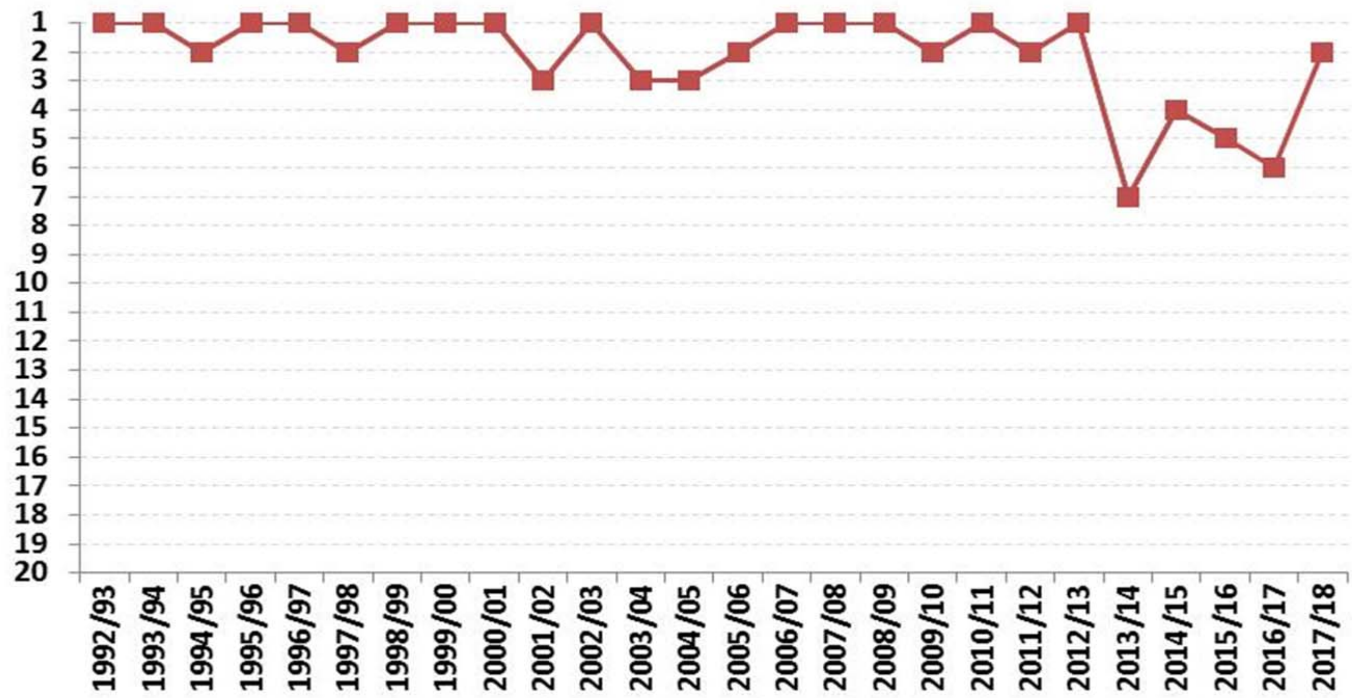
At the end of the 2012/13 season, Sir Alex Ferguson retired as team manager. Sir Alex remains a key member of the club as he is a director of Manchester United FC.

Our current team manager, Jose Mourinho, was appointed on 27 May 2016 on a three-year contract. In January 2018 Jose Mourinho extended his contract until at least the end of the 2019/20 season, with an option for a further year. Jose Mourinho has managed at the top level of European football for over a decade and in that time has won league titles and cups in four countries (Portugal, England, Italy and Spain) as well as winning the Champions League twice – in 2004 with FC Porto and in 2010 with Inter Milan. In the first season under his leadership (2016/17) we won the EFL Cup and the Europa League.

Since the inception of the Premier League in 1992, our club has enjoyed consistent success and growth with popular players such as Bryan Robson, Ryan Giggs, Eric Cantona, David Beckham, Paul Scholes, Cristiano Ronaldo and Wayne Rooney. The popularity of these players, our distinguished tradition and history, and the on-field success of our first team have allowed us to expand the club into a global brand with an international follower base.

The following graph shows the performance of our first team in the Premier League over the last 26 seasons:

Premier League Finishing Positions



Our Old Trafford stadium, commonly known as "The Theatre of Dreams," was originally opened on 19 February 1910 with a capacity of approximately 80,000. During the Second World War, Old Trafford was used by the military as a depot, and on 11 March 1941 was heavily damaged by a German bombing raid. The stadium was rebuilt following the war and reopened on 24 August 1949. The addition of floodlighting, permitting evening matches, was completed in 1957 and a project to cover the stands with roofs was completed in 1959. After a series of additions during the 1960s, 1970s and early 1980s, capacity at Old Trafford reached 56,385 in 1985. The conversion of the stadium to an all-seater reduced capacity to approximately 44,000 by 1992, the lowest in its history. Thereafter, we began to expand capacity throughout the stadium, bringing capacity to approximately 58,000 by 1996, approximately 68,000 by 2000, and approximately 76,000 in 2006. Current capacity at Old Trafford is 74,989.

The following chart shows the historical success of our first team by trophies won:

TROPHIES WON

Premier League/Football League Division One				**FA Charity/Community Shield**			
1908	1965	1997	2007	1908	1967	1996	2011
1911	1967	1999	2008	1911	1977	1997	2013
1952	1993	2000	2009	1952	1983	2003	2016
1956	1994	2001	2011	1956	1990	2007	
1957	1996	2003	2013	1957	1993	2008	
				1965	1994	2010	
FA Cup				**EFL/Football League Cup**			
1909	1977	1990	1999		1992	2010	
1948	1983	1994	2004		2006	2017	
1963	1985	1996	2016		2009		
European Cup/Champions League				**Europa League**			
1968	1999	2008		2017			
FIFA Club World Cup				**UEFA Super Cup**			
2008				1991			
European Cup Winners' Cup				**Intercontinental Cup**			

1991	1999

Industry Overview

Football is one of the most popular spectator sports on Earth and global follower interest has enabled the sport to commercialize its activities through sponsorship, retail, merchandising, apparel & product licensing, broadcasting, and matchday. As a consequence, football constitutes a significant portion of the overall global sports industry, according to AT Kearney.

Football's growth and increasing popularity is primarily a product of consumer demand for and interest in live sports, whether viewed in person at the venue or through television and digital media. The sport's revenue growth has been driven by the appetite among consumers, advertisers and media distributors for access to and association with these live sports events, in particular those featuring globally recognized teams.

The major football leagues and clubs in England, Germany, Spain, Italy and France have established themselves as the leading global entities due to their history as well as their highly developed television and advertising markets, according to AT Kearney. The combination of historical success and media development in the core European markets has helped to drive revenue, which in turn enables those leagues to attract the best players in the world, further strengthening their appeal to followers.

As television and digital media such as broadband internet and mobile extend their reach globally, the availability of and access to live games and other content of the leading European leagues has increased and live games are now viewed worldwide. In addition, advances in new technology continue to both improve the television and digital media user experience and the effectiveness of sponsorships and advertising on these platforms. These trends further strengthen the commercial benefit of associating with football for media distributors and advertisers and increase the global opportunities for the sport.

League Structure

Manchester United is a member of the English Premier League, the top league in the UK and perennially one of the elite leagues in the world.

The Premier League is a private company wholly owned by its 20 member clubs, with responsibility for the competition, its Rule Book, the centralized broadcasting rights and other commercial rights. The Premier League works proactively with the member clubs and other football authorities domestically and internationally including the Football Association, UEFA and FIFA. Each member club is an independent shareholder of the Premier League and works within the rules of football defined by the various governing bodies.

Governing Bodies

Manchester United operates under three different levels of governing bodies, ranging from worldwide to continental to national jurisdiction.

FIFA is the international governing body of football around the world. Headquartered in Zurich, Switzerland, FIFA is responsible for the regulation, promotion and development of football worldwide. All football played at any level must abide by the Laws of the Game, as set forth by FIFA. FIFA's rules and regulations are decided by the International Football Association Board ("IFAB") and reviewed on an annual basis. FIFA also sets the international fixture calendar which, along with European and domestic cup dates, takes precedence over the domestic football league.

UEFA is a competition organizer and is responsible for the organization and regulation of cross-border football in Europe. UEFA is primarily known for its European club competitions, the Champions League and the Europa League. Currently the Premier League gets four teams into the Champions League and another three into the Europa League. The representative structures for UEFA are primarily national association-based with the FA representing English football on numerous committees.

The FA is the national governing body for football in England and is responsible for sanctioning competition Rule Books, including the Premier League's, and regulating on-field matters. The FA also organizes the FA Cup competition, in which the 20 Premier League member clubs participate. The FA is a special shareholder of the Premier League that has the ability to exercise a vote on certain specific issues, but has no role in the day-to-day running of the league. Each year the Premier League submits its rules to the FA for approval and sanction. For the Premier League, the FA ensures that throughout the season the Laws of the Game are applied on the field by officials, clubs and players including on- and off-field discipline. The FA is also involved in refereeing, youth development and the UK's largest sports charity, the Football Foundation.

Our Football Operations

Our football operations are primarily comprised of the following activities: our first team, our youth academy, our global scouting networks, our women's team and other operations such as our sport science, medical and fitness operations at the Aon Training Complex.

First team

Our first team plays professional football in the Premier League, domestic cup competitions in England including the FA Cup and EFL Cup and, subject to qualifying, international cup competitions, including the Champions League.

Our first team is led by our manager, supported by an assistant team manager and a club secretary, who in turn are supported by a team of over 160 individuals, including coaches and scouts for both our first team and youth academy, medical and physiotherapy staff, sports science and performance and match analysis staff.

We have 70 players under contract of whom 32 have made an appearance for our first team. The remaining players may play for the youth academy teams but are being developed such that they may make it to a starting position on our first team or the first team of other clubs. This structure has been put in place with the aim of developing some of the world's best football players and maximizing our first team's chances of winning games, leagues and tournaments.

Domestic transfers of players between football clubs are governed by the Premier League Rules and the FA Rules, which allow a professional player to enter into a contract with and be registered to play for any club, and to receive a signing-on fee in connection with such contract. Players are permitted to move to another club during the term of their contract if both clubs agree on such transfer. In such circumstances a compensation fee may be payable by the transferee club. FIFA Regulations on the Status and Transfer of Players (the "FIFA Regulations") govern international transfers of players between clubs and may require the transferee club to distribute 5% of any compensation fee to the clubs that trained the relevant player. The transferor club in an international transfer may also be entitled to receive payment of "training compensation" under the FIFA Regulations when certain conditions are met. If an out-of-contract player (i.e., a player whose contract with a club has expired or has been terminated) wishes to play for another club, the player's former club will only be entitled to a compensation fee in a domestic transfer, or a payment of training compensation under the FIFA Regulations in an international transfer, if certain conditions are satisfied, including conditions regarding the player's age and requiring the former club to offer the player a new contract on terms which are no less favorable than his current contract. Subject to limited exceptions, transfers of professional players may only take place during one of the "transfer windows," which for the Premier League is the month of January and the period beginning on the day following the last Premier League match of the season and ending on the Thursday immediately prior to the first Premier League match of the following season.

Our players enter into contracts with us that follow a prescribed model based on FA and Premier League Limited rules. Players on our first team typically also enter into an image rights agreement with us, which grants us enhanced rights and protections with respect to use of their image. Our first team players generally enter into contracts of between two and five years' duration.

As of 4 September 2018, our first team(1) was comprised of the following players:

Player	Position	Nationality	Age	Apps(2)	Caps(3)
David de Gea	Goalkeeper	Spanish	27	319	33
Lee Grant	Goalkeeper	English	35	0	0
Joel Castro Pereira(4)	Goalkeeper	Portuguese	22	3	0
Sergio Romero	Goalkeeper	Argentinian	31	38	94
Eric Bailly	Defender	Ivorian	24	59	30
Diogo Dalot	Defender	Portuguese	19	0	0
Matteo Darmian	Defender	Italian	28	86	36
Timothy Fosu-Mensah(4)	Defender	Dutch	20	21	3
Phil Jones	Defender	English	26	193	27
Victor Lindelof	Defender	Swedish	24	33	25
Marcos Rojo	Defender	Argentinian	28	107	59

Player	Position	Nationality	Age	Apps[2]	Caps[3]
Luke Shaw	Defender	English	23	70	7
Chris Smalling	Defender	English	28	291	31
Axel Tuanzebe[4]	Defender	English	20	8	0
Antonio Valencia	Defender	Ecuadorian	33	332	92
Ashley Young	Defender	English	33	203	39
Marouane Fellaini	Midfielder	Belgian	30	160	87
Frederico Rodrigues de Paula Santos (Fred)	Midfielder	Brazilian	25	3	8
Ander Herrera	Midfielder	Spanish	29	163	2
Jesse Lingard	Midfielder	English	25	134	18
Scott McTominay	Midfielder	English	21	26	2
Juan Mata	Midfielder	Spanish	30	188	41
Nemanja Matic	Midfielder	Serbian	30	51	43
Andreas Pereira	Midfielder	Belgian	22	15	0
Paul Pogba	Midfielder	French	25	99	60
Angel Gomes	Forward	English	18	2	0
Romelu Lukaku	Forward	Belgian	25	55	75
Anthony Martial	Forward	French	22	137	18
Marcus Rashford	Forward	English	20	126	25
Alexis Sanchez	Forward	Chilean	29	21	121

(1) The table includes all first team players as of 4 September 2018.

(2) Apps means appearances for our first team through 4 September 2018.

(3) Caps means appearances for senior national football team through 4 September 2018.

(4) Currently out on loan at other clubs.

Youth academy

Our youth academy is a rich source of new talent for our first team as well as a means of developing players that may be sold to generate transfer income. The aim of our youth academy is to create a flow of talent from the youth teams up to our first team, thereby saving us the expense of purchasing those players in the transfer market. Our youth academy has allowed us to have a home grown player in every game for the last eighty years. Players in our youth academy may be loaned to other clubs in order to develop and gain first team experience with those other clubs and enhance their transfer value. Players from our youth academy who do not make it into our first team frequently achieve a place at another professional football club, thereby generating income from player loans and transfer fees. As a result, our youth academy has developed more players in the top two tiers of English football than any other.

Our youth academy program consists of 10 junior teams ranging from under 9s to under 23's. Each team consists of 15 to 30 players, each of whom takes part in an age specific elite player development and games program during the season.

Scouting network

Together with our youth academy, our scouting system is another source of our football talent. Through our scouting system, we recruit players for both our first team and youth academy. Our scouting system consists of a professional network of staff who scout in general and for specific positions and age groups.

Our scouting system was traditionally oriented towards the United Kingdom, but our focus has increasingly shifted toward a more international approach in order to identify and attract football players from the broadest talent pool possible.

Women's team

Manchester United Women's Football Club was founded in May 2018 and will compete in the second tier of the professional game (the FA Women's Championship) from the 2018/19 season. Our aim is to develop a team capable of competing at the highest level in the women's game which has a core consisting of players who have graduated from our long-established and highly successful Manchester United Girls' Regional Talent Club and offer academy players a clear route to top level football within the club.

Training facilities

We have invested significant resources into developing a performance center which contains advanced sports and science equipment. We have highly experienced training staff working at the performance center, where we provide physiotherapy, bio-mechanical analysis and nutritional guidance to our players as part of our drive to ensure that each player is able to achieve peak physical condition. We believe the quality of our performance center differentiates our club from many of our competitors.

We spent approximately £4.0 million in the year ended 30 June 2018 in connection with further updating our training facility, the Aon Training Complex.

Revenue Sectors

Commercial

Within the Commercial revenue sector, we monetize our brand via two revenue streams: sponsorship; and retail, merchandising, apparel & product licensing. The primary source of revenue in this sector comes from sponsorship, which allows highly diverse and global companies to partner with Manchester United, regionally or internationally, in order to realize sponsorship benefits and associate themselves with our brand.

<u>*Sponsorship*</u>

Our sponsorship agreements are negotiated directly by our commercial team. Our sponsors are granted various rights, which can include:

- rights in respect of our brand, logo and other intellectual property;
- rights in respect of our player and manager imagery;
- exposure on our television platform, MUTV;
- exposure on our website and mobile application;
- exposure on our club branded social media channels;
- exposure on digital perimeter advertising boards at Old Trafford;
- exposure on interview backdrops; and
- the right to administer promotions targeted at customers whose details are stored on our CRM database.

Any use of our intellectual property rights by sponsors is under license. However, we retain the ownership rights to our intellectual property.

Sponsorship development and strategy

We pursue our sponsorship deals through a developed infrastructure for commercial activities. We have a dedicated sales team that focuses on developing commercial opportunities and sourcing new sponsors. We target potential sponsors we believe will benefit from association with our brand and have the necessary financial resources to support an integrated marketing relationship. By cultivating strong relationships with our sponsors, we generate significant revenue and leverage our sponsors co-branded marketing strategies to further grow our brand. We are successful in executing a geographic and product categorized approach to selling our sponsorship rights.

We offer category exclusivity on a global basis to companies within particular industries, such as airline, beverage, logistics and watches. We also offer sponsorship exclusivity within a particular geography for certain industries, such as soft drinks and nutrition.

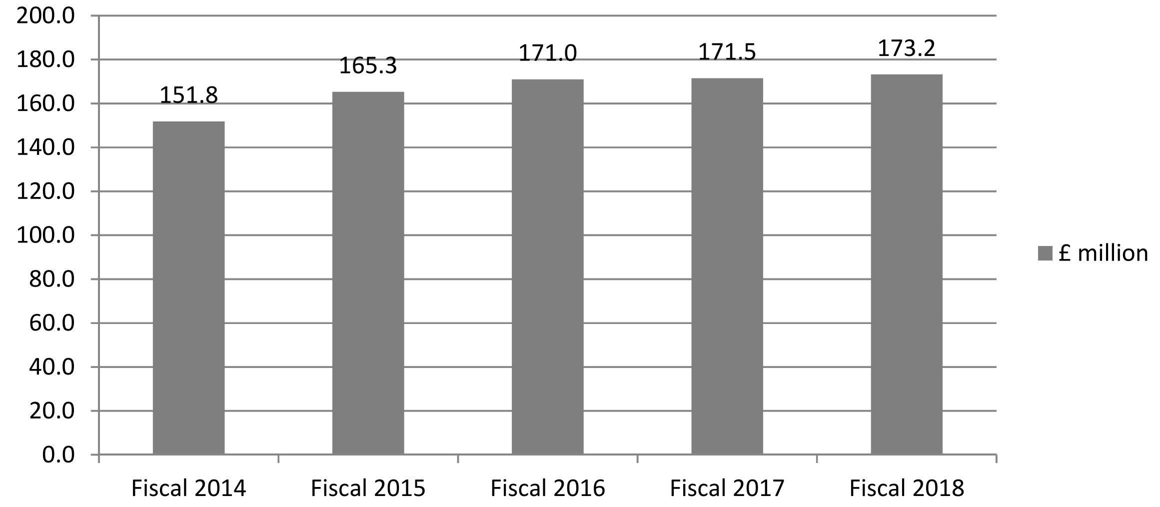
In seeking any individual partnership, we aim to establish an indicative value for that sponsorship based on the prospective sponsor’s industry and marketing objectives. We will only pursue a sponsorship if we believe it reflects the value we deliver. Our current strategy is to focus more closely on larger, established global brands rather than regional partnerships.

We believe that certain key sectors play an active role in sports sponsorship. We have sponsors in a number of these sectors and we believe that there is significant potential to expand this platform by selectively targeting companies within the remaining sectors and by growing revenue in existing sectors through additional sponsorship arrangements. Emerging markets such as Asia, which we expect to be a key focus for many of our prospective sponsors, are an important element of our sponsorship efforts.

Our sponsors

The following graph shows our annual sponsorship revenue for each of the last five fiscal years:

Sponsorship Revenue Growth



Note: Sponsorship revenue does not include revenue generated from our agreements with Nike (which was in effect through the end of July 2015) and adidas. Sponsorship revenue includes mobile and content revenue previously shown separately in commercial revenue.

The table below highlights some of our global and regional sponsors as of 1 July 2018:

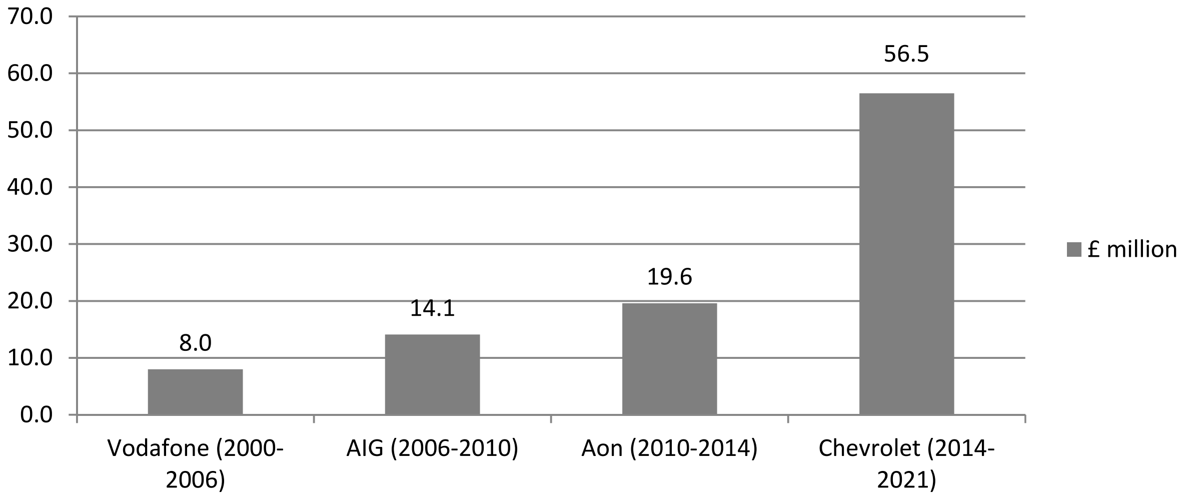
Sponsor	Type of sponsorship	Product category
20th Century Fox	Global sponsor	Feature films
Aeroflot	Global sponsor	Commercial airline
Aon	Global sponsor (training kit)	Business/professional advisory services
Apollo Tyres	Global sponsor	Tyres
Chivas	Global sponsor	Spirits
Concha y Toro	Global sponsor	Wine
Deezer	Global sponsor	Music streaming
DHL	Global sponsor	Logistics
Electronic Arts	Global sponsor	Football computer games
General Motors (Chevrolet)	Global sponsor (shirt)	Automobiles
Gulf Oil International	Global sponsor	Lubricant oil and fuel retail
HCL	Global sponsor	Digital platform development
Kohler	Global sponsor (sleeve)	Kitchen and bathroom fixtures and generators
Melitta	Global sponsor	Coffee
MoPlay	Global sponsor	Betting
Mlily	Global sponsor	Mattresses and pillows
Swissquote	Global sponsor	Forex & online trading platforms
TAG Heuer	Global sponsor	Watches
Canon Medical Systems	Global sponsor	Medical scanners
Hong Kong Jockey Club	Regional sponsor	Racecourses and private members' clubs
IVC	Regional sponsor	Dietary supplements
Manda	Regional sponsor	Nutritional supplements
Science in Sport (SiS)	Regional sponsor	Sports nutrition
Uni-President	Regional sponsor	Soft drinks
You-C1000	Regional sponsor	Isotonic drinks

Shirt sponsor

Our current shirt sponsor is General Motors (Chevrolet). The shirt sponsorship agreement began in the 2014/15 season and runs through to the end of the 2020/21 season, with total fees payable of approximately $559 million. We received approximately $18.6 million in each of the 2012/13 and 2013/14 seasons relating to pre-sponsorship support and exposure, with the remaining $521.8 million to be received and recognized over seven years through to the end of the 2020/21 season. The shirt sponsorship agreement gives each party typical termination rights for a contract of this nature in respect of a material breach.

The following chart shows the dramatic growth in shirt sponsorships revenue since 2000:

Average Annual Payments Under Recent Shirt Sponsorship Contracts



Note: The Aon and Chevrolet shirt sponsorship agreements do not include sponsorship rights for our training kit. The Chevrolet annual payment does not include pre-sponsorship payments and assumes a £:$ exchange rate of 1.3194 as of 30 June 2018.

Shirt sleeve sponsor

Kohler is the first shirt sleeve partner for both our men's and women's teams with the agreement beginning in the 2018/19 season. Our agreement with them includes joint participation on game day activities, innovative improvements to club facilities, global sustainability and social responsibility projects and other partner collaborations with Manchester United fans and Kohler customers and associates.

Training facilities partner and training kit partner

Our training facilities at Carrington are sponsored by Aon and are named the Aon Training Complex. Aon are also our training kit partner, and our agreement with them provides that our players and coaching staff wear adidas-branded training kits with Aon advertising at all domestic matches, as well as during training sessions. The agreement with Aon runs through to the end of the 2020/21 season.

Global, regional and supplier sponsors

In addition to revenue from our shirt sponsor, training kit partner and training facilities partner, we generated a further £83.2 million in the year ended 30 June 2018 from other global, regional and other sponsors. The length of these sponsorship deals is generally between two and five years. The majority of these sponsorship deals have minimum revenue guarantees and some have additional revenue sharing arrangements.

Global sponsors are granted certain marketing and promotion rights with respect to our brand and intellectual property as well as exposure on our media, such as digital perimeter boards at Old Trafford, MUTV and our website. These rights are granted on a global basis and are exclusive by category. Regional sponsors are granted certain marketing and promotion rights and media exposure, however, these rights are granted for a limited number of territories. Regional sponsors are able to use the rights in their designated territory on an exclusive basis, however they are not granted global category exclusivity.

Financial services affinity sponsorship

There is a significant growth opportunity to further develop Manchester United branded financial services products. These financial services products include credit cards and debit cards. We believe there are key commercial opportunities with credit and debit cards, which are particularly attractive as credit and debit cards also serve as a means of follower expression and loyalty. Depending on the product category, we pursue affinity agreements on a territory specific or regional basis. Examples of our financial services affinity sponsors include Maybank (Malaysia), Santander (Norway), Danamon (Indonesia), Virgin Money (England), Emirates NBD Bank (UAE), Ping An (China), National Bank of Egypt (Egypt), and ICICI (India).

Exhibition games and promotional tours

We conduct exhibition games and promotional tours on a global basis. Our promotional tours enable us to engage with our followers, support the marketing objectives of our sponsors and extend the reach of our brand in strategic markets. The tour matches are broadcast and/or streamed live to subscribers of MUTV. These promotional tours are in addition to our competitive matches and take place during the summer months or during gaps in the football season. Over the last 6 years, we played 29 exhibition games in Australia, China, Germany, Hong Kong, Ireland, Japan, Norway, South Africa, Sweden, Thailand and the United States, where in 2014, we set a US attendance record for a football match with 109,318 fans at Michigan stadium.

We normally receive a guaranteed fee for such tours. We also generate revenue from tour sponsorship opportunities sold to existing and new partners. During the 2017/18 season, our promotional exhibition games and promotional tours generated £14.6 million of revenue (excluding any related sponsorship revenue). We believe promotional tours represent a growth opportunity as we continue to play exhibition games around the world.

Commercial income from the Premier League

In addition to revenue from contracts that we negotiate ourselves, we receive revenue from commercial arrangements negotiated collectively by the Premier League on behalf of its member teams. Income from these commercial contracts negotiated by the Premier League is shared equally between the clubs that are to be in the Premier League for the season to which the income relates. Our pro rata income received from the other commercial contracts negotiated by the Premier League is not material to the Company’s results of operations.

Retail, Merchandising, Apparel & Product Licensing

Unlike American teams in the NFL, MLB and NHL, Manchester United retains full control of the use and monetization of its intellectual property rights worldwide in the areas of retail, merchandising, apparel & product licensing.

Our retail, merchandising, apparel & product licensing business includes the sale of sports apparel, training and leisure wear and other clothing featuring Manchester United brands as well as other licensed products from high fashion and luxury watches to children’s toys and household items such as mugs and bedspreads. These products are distributed on a global basis through Manchester United branded retail stores and e-commerce platform, as well as through our partners’ wholesale distribution channels.

We have a 10-year agreement with adidas with respect to our global technical sponsorship and dual-branded licensing rights, which began on 1 August 2015. The minimum guarantee payable by adidas over the term of the agreement is equal to £750 million, subject to certain adjustments. Payments due in a particular year may increase if our first team wins the Premier League, FA Cup or Champions League, or decrease if our first team fails to participate in the Champions League for two or more consecutive seasons, with the maximum possible increase being £4 million per year and the maximum possible reduction being 30% of the applicable payment for the year in which the second or other consecutive season of non-participation falls. If the first team fails to participate in the Champions League for two or more consecutive seasons, then the reduction is applied as from the year in which the second consecutive season of non-participation falls. In the event of a reduction in any year due to the failure to participate in the Champions League for two or more consecutive seasons, the payments revert back to the original terms upon the first team participating again in the Champions League. Any increase or decrease in a particular year would have the effect of increasing or decreasing the minimum guarantee amount of £750 million payable over the 10-year term of the agreement.

The minimum guarantee from adidas does not include the rights with respect to mono-branded licensing rights or the right to create and operate Manchester United branded soccer schools, physical retail channels and e-commerce retail channels, which rights may generate additional revenue for the club. We may also benefit from additional royalty payments upon exceeding a threshold of sales.

The agreement with adidas is subject to reciprocal termination provisions in respect of material breach and insolvency. adidas may reduce the applicable payments for a year by 50% if the first team is not participating in the English Premier League during that year. In addition, adidas may terminate the agreement by giving one full-season's notice if the first team is relegated from the English Premier League or if it is otherwise determined that the first team shall not be participating in the Premier League or the top English league.

Retail

In addition to our flagship retail store at Old Trafford (which we operate ourselves), we have a Manchester United branded retail location in Macau (which is operated by a third party licensee). We continue to explore possible premium brand retail opportunities in the US market and have formed a US entity, RAML USA LLC.

Merchandising & product licensing

We grant product licenses across a wide range of Manchester United products which are highly sought after by our followers around the world. Under our product licensing agreements, we receive royalties from the sales of specific Manchester United branded products. Under some product licensing agreements, we receive a minimum guaranteed payment from the licensee. The majority of licensees are granted on a non-exclusive rights basis for specific product categories, within a specific country or geographic region.

Wholesale apparel - replica uniforms, training wear

The Manchester United jersey and training wear are completely redesigned for each season. The annual launch of the new jersey is always a much-anticipated day for our global community of followers. The result is a robust wholesale apparel business.

E-commerce

We currently have arrangements in place whereby Fanatics has been granted separate licenses to use our brand and/or trademarks to operate the official online store, branded as "United Direct", in respect of the United States and the rest of the world. The online store sells a range of Manchester United branded merchandise including official replica kit and other clothing from adidas. In addition, the online store offers a broad range of other apparel, equipment such as balls, luggage and other accessories, homewares such as bedroom, kitchen and bathroom accessories, and collectibles, souvenirs and other gifts. We currently receive a percentage of net sales from the online store as a royalty payment.

We believe there is a significant opportunity for us to expand our e-commerce capabilities through improved leverage of our digital media platform, and focusing on delivering a tailored digital shopping experience at a regional level. Specifically, we intend to improve our ability to offer targeted merchandise to our followers, complemented by more efficient fulfilment mechanics, including product delivery, availability and payment methods.

Broadcasting

Central Media

We benefit from the distribution and broadcasting of live football content directly from the revenue we receive and indirectly through increased global exposure for our commercial partners. Broadcasting revenue is derived from the centrally negotiated domestic and international television and radio rights to the Premier League, the Champions League and other competitions. In addition, our wholly-owned global television channel, MUTV, delivers Manchester United programming to territories around the world.

The Premier League and UEFA negotiate their own media rights contracts independently of the participating clubs. In respect of the Premier League, media agreements are typically three years in duration and are centrally negotiated and entered into with media distributors by the Premier League on behalf of the member clubs. Under the agreements, Broadcasting revenue for each season is typically shared between the clubs that are to be in the Premier League for that season and a part-share for the clubs that were relegated from the Premier League in the previous four seasons. After certain deductions approved by the Premier League (for example, donations to "grass roots" football development and other causes), the income from the sale of the domestic broadcasting rights is allocated to the current and relegated clubs according to a formula based on, among other things, finishing position in the league and the number of live television appearances. Under the current Premier League broadcasting cycle, revenue from the sale of the rights to televise Premier League matches internationally by overseas broadcasters and radio is shared equally between the current clubs and a part-share for the clubs that were relegated from the Premier League in the previous four seasons. Under the new Premier League broadcasting cycle commencing with the 2019/20 season, there will be a change to the distribution mechanism of international broadcasting rights whereby any increase on the current deal above a specified amount will be allocated to the current clubs according to a formula based upon finishing position in the league.

In the Champions League, media agreements are also typically three years in duration and are collectively negotiated and entered into by UEFA on behalf of the participating clubs. Each club receives a fixed amount for qualifying for the group stage, an additional amount for each match played, and bonuses based on performance in the group and qualification for the round of 16, quarter-finals and semi-finals. The runner-up and winner of the competition also earn additional amounts. A comparison of the distributions to each club under the new 3-year agreement (commencing in the 2018/19 season) and the previous 3-year agreement (which commenced in the 2015/16 season) is as follows:

	Champions League ("UCL") 2015/16 - 2017/18	Champions League ("UCL") 2018/19 - 2020/21
	€'million	€'million
Bonus for group stage participation (32 teams)	€12.70	€15.25
Bonus for each group stage win (maximum 6)	€1.50	€2.70
Bonus for each group stage draw(1)	€0.50	€0.90
Bonus for round of 16 participation	€6.00	€9.50
Bonus for quarter-final participation	€6.50	€10.50
Bonus for semi-final participation	€7.50	€12.00
Runner-up bonus (inclusive of ticketing revenue share)	€11.00	€15.00
Winner bonus (inclusive of ticketing revenue share)	€15.50	€19.00
Maximum total of the above	€57.20	€82.45

(1) In the event of a draw, the non-distributed balance will be aggregated and split among the clubs that won matches at the group stage in proportion to the number of matches won.

In August of each season, the previous season's Champions League winner and Europa League winner will play in the UEFA Super Cup where each team can expect to receive a further €3.5m participation fee, with the winner receiving an additional €1.0m.

In addition to the above fixed amounts, UEFA allocates monies to a market pool which is also distributed to clubs who reach the group-stage and beyond. Further, with effect from the 3-year cycle 2018/19 to 2020/21, UEFA is introducing the coefficient ranking. In 2018/19 the total market pool for the Champions League is forecast to be €292 million whilst the total coefficient ranking is forecast to be €585 million (giving a combined total of €877 million). In 2017/18 the total market pool for the Champions League was €507 million.

The market pool for each country is calculated based on the proportional value of its broadcasting agreements with UEFA relative to the total value of broadcasting agreements from all countries represented at the group stage. 50% of each country market pool is distributed to its group-stage representatives based on each club's domestic performance in the previous season. For the Champions League this is based on league finishing position. Any club which qualifies for the Champions League group-stage by virtue of winning the Europa League in the previous season (such as ourselves in 2016/17) does not receive a distribution of the 50% market pool based on domestic performance in the previous season.

The remaining 50% of the market pool in the Champions League is distributed based on the number of games played in the current competition relative to teams from the same country. The English market pool for the 2017/18 competition was approximately €112 million. This amount can vary from season to season subject to the composition of the 32 clubs taking part in the group stage.

The coefficient ranking will be introduced from 2018/19. The individual club coefficient will be determined by reference to past performance in UEFA competitions over a ten-year period with additional points for historical winners of UEFA competitions. On the basis of these parameters, a ranking has been established and the total amount of €585.05 million has been divided into 'coefficient shares', with each share worth €1.108 million. The lowest-ranked team will receive one share (€1.108 million). One share will be added to every rank and so the highest-ranked team will receive 32 shares (€35.46 million).

Broadcasting revenue including, in some cases, prize money received by us in respect of various competitions, will vary from year to year as a result of variability in the amount of available prize money and the performance of our first team in such competitions.

Digital media

Our website, www.manutd.com , is published in 7 languages and is available globally. We use our website, which incorporates e-commerce services and venue microsites (United Events, Exec Club, Foundation, Matchday VIP), to communicate with our followers, promote the Manchester United brand and provide a platform for our sponsors to reach a global audience. Our newly launched website is designed with a mobile first approach, with content including exclusive articles, real-time match updates, live blogging capabilities, social integration and sharing capabilities, improved search and discoverability, content recommendations, fan polls, voting trivia and statistics.

The proliferation of digital television, broadband internet, smartphones, mobile applications and social media globally provides our business with many opportunities to extend the reach of our content. Specifically, we intend to use our digital media platforms to generate value through extended sponsor positioning, driving e-commerce, and direct-to-consumer opportunities, including selling premium services such as international digital memberships, video and exclusive content subscriptions. We will also continue to leverage our digital media platform to generate customer data and information as well as follower profiles of commercial value to us, our sponsors and our media partners. We believe that in the future, digital media will be one of the primary means through which we engage and interact with our follower base.

Content and localization

Our digital media properties are an increasingly important means through which we engage with our international fan base. In the United Kingdom, coverage of Manchester United and the Premier League is prevalent in print, television and digital media. We believe we face less competition in international markets for Manchester United coverage and can therefore attract and retain a greater portion of our followers to our own digital media offering. To take advantage of that opportunity, we will increasingly seek to develop additional premium and exclusive content to enhance the proposition for our followers, members and paid subscribers around the world.

Our followers generally prefer to consume our content in their language and context. We believe we can effectively deliver tailored services to our followers globally through various language offerings, geographic targeting and personalized content. We currently have international language websites in English, Spanish, French, Arabic, Mandarin Chinese, Korean and Japanese. On our social channels we have international language feeds in English, Spanish, Arabic, Mandarin Chinese, Korean, Japanese, Malay and Thai. This enables us to engage with our followers in their native language and to produce content that is specific to each region.

Mobile services and applications

There has been a significant increase in the prevalence of broadband and video-enabled mobile devices in recent years. Mobile devices running the iOS or Android operating system enable consumers to browse the internet, watch video, share content, access dedicated applications and conduct e-commerce. As a consequence we are seeing the majority of our followers now accessing our website and digital content via their mobile devices.

In advance of the commencement of the 2018/19 season we launched our first free global mobile application. This application has been developed in conjunction with our new website which will provide benefits to our fans, through a cleaner and easier to navigate interface. We believe it will also provide significant benefits to our business through better e-commerce functionality and more digital inventory for our commercial partners to benefit from. We believe our focus on our owned and operated products will lead to an improved customer experience via the mining of owned data, which will lead to more personalization and a more engaged fan base, as users spend more time on our platforms and return regularly.

In the 2016/17 season we launched the MUTV channel on MUTV.com. This enabled fans to purchase MUTV on a subscription basis for the first time without an existing satellite or cable subscription. We launched a free content section allowing all fans access to our exclusive programming, with subscribers then having access to our full range of programming, including both on demand and linear experiences around full match commentary for all Premier League, Champions League and domestic cup matches, as well as live tour matches and coverage. Subscribers can also view pre- and post-match analysis for all matches by club legends, exclusive interviews with the team manager and first team players, award winning documentaries, celebrity features, and live broadcasts of academy team matches and more recently women's team matches.

We intend to continue developing multi-platform mobile sites and mobile applications that will facilitate access for our followers to our content across a range of devices and carriers in order to meet global demand.

Video on demand

The proliferation of broadband internet and mobile access also allows us to offer video on demand to our followers around the world. Through our new website, official club mobile application and the MUTV D2C applications, we provide live video and video on demand to our followers in a variety of formats and commercial models. Some video on demand content is free to all users, some content is only accessible upon registration and some content, as in the case of live pre-season tour matches, is available on a subscription basis.

Depending on the market, going forward we may offer video on demand services via our media partners as part of a comprehensive suite of content rights, as well as on a direct-to-consumer basis.

Social media

With a global fan base, we believe there is a significant opportunity to leverage the capabilities of social media platforms to augment our relationships with our followers around the world. By establishing an official presence on these platforms, we believe we will be able to deepen the connections with our follower base and improve our ability to market and sell products and services to our followers.

As of 30 June 2018 we had close to 154.7 million social connections including approximately 73.6 million connections on our Facebook page, over 20.9 million followers to our Twitter accounts and over 22.2 million followers on Instagram. For the 2017/18 season we had over 590 million likes and comments on Instagram, which represents an increase of 24.7% compared to the previous season and is higher than Manchester City and Liverpool FC's likes and comments combined.

Interactions on the Club's @ManUtd Twitter account were up by over 46% compared to the previous season with @ManUtd continuing to be the Twitter account with the highest number of likes and retweets across all sports clubs.

We use our social footprint as a means to communicate news and other club updates, engage with our followers, identify active followers, solicit feedback from our users, tailor future digital media offerings and enhance the overall follower experience.

We intend to continue to expand our reach through different social media and mobile chat platforms by launching additional Manchester United branded presences on global platforms as well as regional and language-specific platforms.

We believe this continuous expansion will enable us to broaden the reach of our brand and the content we produce, enhance our engagement with followers in many of our key international and emerging markets as well as opening up a new demographic of fans.

While there is no guarantee that our social connections will continue to grow at comparable rates in the future, we believe the combination of platforms on which we have an official presence will provide an increasing source of traffic to our club branded digital media services and e-commerce properties, enhance our ability to convert users into customers through international memberships, content subscriptions and e-commerce, and continue to provide extensive positioning opportunities for our partners.

Customer relationship management

One of our ongoing strategic objectives is to further develop our understanding of and deepen the relationships with our followers. We operate a CRM database in order to better understand the size, location, demographics and characteristics of our follower base on an aggregated basis. Our CRM database enables us to more effectively target our product and service offerings such as digital subscription services, merchandise and tickets. A deep understanding of our follower base is also valuable to sponsors and media partners who seek to access specific customer categories with targeted and relevant advertising.

MUTV

MUTV is our wholly-owned global television channel and is broadcast in numerous countries. MUTV broadcasts a wide variety of content which is compelling to our global community of followers, including news, game highlights, and exclusive "behind the scenes" coverage of our club.

Depending on the market, we may offer our suite of media rights as a bundle giving exclusive access to one multi-platform media provider or offer MUTV as a single product to television distributors. MUTV features a range of content generated from its own production facilities.

In the United Kingdom, MUTV is offered directly to consumers through the Sky and Virgin Media distribution platforms and D2C via a subscription to MUTV.com. Outside the United Kingdom, we offer MUTV through distribution partners as part of a suite of media rights, which can be purchased on a bundled or selective basis and can include certain promotional rights and via the D2C subscription mobile application or through 'connected TV' platforms such as Roku, Amazon Fire, AppleTV & Xbox.

MUTV features a range of content, the primary categories of which are:

- highlights from games and other time-delayed game footage (including full matches), both of which are subject to certain holdback periods under the agreements between media distributors, the participating clubs and the Premier League and UEFA;
- live coverage of promotional tours and exhibition games;
- lifestyle programming and other "behind the scenes" content profiling the club, our history, our manager and our players;
- live coverage of Academy and Youth games;
- live 'Managers Press Conference' before relevant first team fixtures; and
- various other award winning shows and documentaries.

Matchday

Our stadium, which we fully own, is called Old Trafford and is known as "The Theatre of Dreams." We believe Old Trafford is one of the most famous and historic stadiums in the world. Football followers travel from all over the world to attend a match at Old Trafford, which is the largest football club stadium in the United Kingdom, with a capacity of 74,989. In the 2017/18 season, the club's 26 home games were attended by a cumulative audience of over 1.9 million. The stadium has approximately 8,000 executive club seats, including 149 luxury boxes, 24 restaurants and 4 sports bars.

We have one of the highest capacity utilizations among English clubs, with an average attendance for our home Premier League matches of over 99% for each season since the 1997/98 season. The substantial majority of our tickets are sold to both general admission and executive season ticket holders, the majority of whom pay for all their tickets in advance of the first game of the season.

Other Matchday revenue includes matchday catering (including sale of hospitality packages, food and drink), event parking, program sales as well as membership and travel, Manchester United Museum revenue and a share of the ticket revenue from away matches in domestic cup competitions. Matchday revenue also includes revenue from other events hosted at Old Trafford, including other sporting events (including the annual Rugby Super League Grand Final), music concerts and entertainment events.

We operate a membership program. Individuals who become official members have the opportunity to apply for tickets to all home matches. Adult official members pay £32 per season to join the scheme while persons over the age of 65 and under the age of 18 receive a discount. At the end of the 2017/18 season we had over 220,000 members.

The Manchester United Museum is located within Old Trafford. It chronicles Manchester United's 140-year history and houses the club's most precious artifacts and trophies. In 2017/18, approximately 316,000 people visited the Manchester United Museum, making it the most visited football club museum in the United Kingdom.

We have frozen general admission season ticket prices for a seventh consecutive season ahead of the 2018/19 season to support fans in attending our games. We aim to maximize ticket revenue by enhancing the mix of experiences available at each game and providing a range of options from general admission tickets to multi-seat facilities and hospitality suites. In particular, we have recently increased overall Matchday revenue by restructuring the composition of our stadium, with an emphasis on developing hospitality facilities which sell at a higher price and improve our margins. As part of this effort, we have invested in new and refurbished multi-seat hospitality suites as well as improvements to our single-seat facilities. We expect our enhancements to our hospitality facilities to continue to be a key driver of our profit from Matchday sales going forward.

UEFA Club Licensing and Financial Fair Play Regulations ("FFP regulations")

In 2010, UEFA adopted the FFP regulations, which are intended to ensure the financial self-sufficiency and sustainability of football clubs by discouraging them from continually operating at a loss, introduce more discipline and rationality on club finances, ensure that clubs settle their liabilities on a timely basis and encouraging long term investment in youth development and sporting infrastructure.

The FFP regulations contain a "break-even" rule aimed at encouraging football clubs to operate on the basis of their own revenue. Therefore, owner investments of equity will be allowed only within the acceptable deviation thresholds, as described below. In addition, the FFP regulations provide that football clubs who are granted a UEFA license by their national association, based largely on physical infrastructure and personnel criteria set out by UEFA, and who then qualify for a UEFA competition based on sporting grounds, will then be required to comply with a "monitoring" process. The monitoring process involves the submission of certain financial information (a break-even test and payables analysis) to the Club Financial Control Body ("CFCB"). The CFCB is part of UEFA's Organs for the Administration of Justice and comprises a team of independent financial and legal experts. The CFCB will review financial submissions and decide what sanctions, if any, to apply to non-compliant clubs. Any appeal must be made directly to the Court of Arbitration for Sport. Potential sanctions for non-compliance with the FFP regulations include a reprimand/warning, withholding of prize money, fines, prohibition on registering new players for UEFA competitions and ultimately exclusion from UEFA competitions.

The monitoring process has previously included so called 'breach indicators' which if in existence triggered additional reporting requirements to UEFA such as accelerated reporting of audited financial information and projections for the competition season and future seasons. Breach indicators included an auditor going concern qualification, a worsening balance sheet net liabilities position and a break-even deficit in any individual year. In 2018 UEFA announced that it was enhancing the breach indicators with the inclusion of sustainable debt and player transfer balance indicators. The sustainable debt indicator is triggered if debt at the balance sheet date is greater than Euro 30 million and greater than seven times the average of relevant earnings (as defined by UEFA). The player transfer balance indicator is triggered if a club incurs a deficit on net player transfers in excess of Euro 100 million in any transfer window within the license season.

Ahead of registration for UEFA competitions for the 2018/19 season we submitted our payables analysis and break-even assessment under the FFP regulations. The break-even test result was positive i.e. a surplus and assessed on the sum of the financial information for the three consecutive financial years ending 30 June 2017. The payables analysis is carried out at 30 June prior to the competition season and is required in respect of payments to other clubs for transfer fees, payments to staff including players and football staff and payments to tax authorities. UEFA has already imposed sanctions on clubs who have breached the Licensing and FFP regulations, ranging from monetary fines, restrictions on wages and first team squad size and limitation on transfer expenditures, to exclusion from UEFA competitions.

With respect to the break-even assessment, a club must demonstrate that its relevant "football" income is equal to or exceeds its "football" expenses. The permitted level of deficit is limited over the three-year assessment period to just €5 million, although a larger deficit of up to €30 million is permitted provided it is reduced to the €5 million acceptable deviation by equity contributions from equity participants and/or related parties. Any club which exceeds the €30 million limit will automatically be in breach of the break-even rule, unless it has sufficient surpluses in the two years prior to the assessment period, irrespective of any equity contributions.

European clubs reported the highest operating profits in history in 2015/16 and a record 26 European leagues generated profits (as an aggregate of the clubs' results in each league) compared to nine in 2010/11. Furthermore, in 2015/16, combined net losses of European clubs fell to less than one-sixth of the net losses recorded prior to the introduction of financial fair play. This would suggest that the UEFA Licensing and Financial Fair Play Regulations are achieving their

objectives.
However, in 2015 UEFA announced some changes to the FFP regulations aimed primarily at clubs undergoing a business restructuring. Instead of breaching the FFP regulations and being subject to sanctions, the amended regulations enable clubs to voluntarily approach the CFCB with a business plan which demonstrates how they are going to remedy their short-term breach of FFP regulations and achieve break-even compliance over a four-year time period. If the business plan is approved by the CFCB the club would not be subject to sanctions for the restructuring year which results in a breach of the FFP regulations.

We support and operate within the financial fair play regulations, and do not believe it will adversely impact our ability to continue to attract some of the best players in the coming years.

Premier League Short Term Costs Controls (“STCC”) and Profitability and Sustainability Regulations

In 2013, the Premier League agreed to adopt STCC and Profitability and Sustainability regulations. The STCC was introduced for an initial period of three seasons ending in 2015/16 but were then extended for a further three seasons through the 2018/19 season. For the first three-year cycle, Premier League teams were required to limit annual increases in aggregate player wage costs, compared to the 2012/13 season, to £4 million per season for each of the three seasons, and no more than a £12 million aggregate increase over such period, except if funded by:

- increases in such team’s total revenue compared to the 2012/13 season, excluding increases from Premier League broadcasting revenue; plus
- if applicable, any profits from the disposal of player registrations.

For the current three-year cycle, annual player wage cost increases are limited to £7 million per season, again as compared to the 2012/13 season, except if funded by:

- increases in total revenue from sources other than Premier League broadcasting contracts; plus
- if applicable, any profits from the disposal of player registrations.

The Profitability and Sustainability regulations were introduced during the 2015/16 season, implementing a break-even rule similar to the break-even test of the UEFA Club Licensing and Financial Fair Play Regulations and aimed at encouraging Premier League clubs to operate within their means. Potential sanctions for non-compliance with the profitability and sustainability regulations include significant fines, player transfer restrictions and Premier League points deduction.

Our most recent break-even assessment under the Premier League Profitability and Sustainability regulations was submitted in March 2018, based on our fiscal year 2016 and fiscal year 2017 audited financial statements. The break-even test is based on a club’s audited pre-tax earnings. If the break-even test results are positive, no further action is required until the next break-even test. If the initial test is negative, a club is re-tested, using the UEFA definition of “adjusted earnings before tax,” which allows credit for depreciation of tangible fixed assets and expenditure on youth development and community programs. If these second test results are negative by £15 million or less, no further action is required. If a club’s losses exceed £15 million but are not more than £105 million, the club’s ownership must provide secure funding to avoid sanctions. If these results are negative by more than £105 million, regardless of ownership funding, Premier League sanctions will apply. Our break-even test result submitted in March 2018 was positive.

As with the UEFA Club Licensing and Financial Fair Play Regulations, we support and operate within the Premier League Profitability and Sustainability regulations, and do not believe it will adversely impact our ability to continue to attract some of the best players in the coming years.

Social Responsibility

The Manchester United Foundation

We are committed to a wide-ranging corporate social responsibility program through Manchester United Foundation (the “Foundation”). The associated charity of Manchester United, the 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 programs and personal development, providing young people with opportunities to change their lives for the better. The Foundation has partnerships with over 20 high schools across Greater Manchester, in which full-time coaches are based to work with the pupils, feeder primary schools and within the local community to build lasting relationships. Other initiatives, such as Street Reds evening football sessions, girls development provision, and the Inclusive Reds disability program, provide free football, alternative activities, qualifications and work experience opportunities to young people across Greater Manchester. The Foundation fulfils all charitable activity for Manchester

United, including managing the club's long-term partnership with global children's organization Unicef. The partnership is the longest running of its kind and since the start of the partnership in 1999 has had a positive impact on the lives of over 4 million children across the globe.

Intellectual Property

We consider intellectual property to be important to the operation of our business and critical to driving growth in our Commercial revenue, particularly with respect to sponsorship revenue. Certain of our commercial partners have rights to use our intellectual property. In order to protect our brand we generally have contractual rights to approve uses of our intellectual property by our commercial partners.

We consider our brand to be a key business asset and therefore have a portfolio of Manchester United related registered trademarks and trademark applications. The historic emphasis has been on seeking and maintaining trademark registrations for the words "Manchester United" and the club crest but that emphasis was extended in 2017/18 to cover the devil device and the words "MUTV" and "Man Utd". We also actively procure copyright protection and copyright ownership of materials such as literary works, logos, photographic images and audio visual footage.

Enforcement of our trademark rights is important in maintaining the value of the Manchester United brand. There are numerous instances of third parties infringing our trademarks, for example, through the manufacture and sale of counterfeit products. While it would be cost-prohibitive to take action in all instances, our aim is to consistently reduce the number of Manchester United related trademark infringements by carrying out coordinated, cost-effective enforcement action on a global basis following investigation of suspected trademark infringements. Enforcement action takes a variety of forms. In the United Kingdom, we work with enforcement authorities such as trading standards and customs authorities to seize counterfeit goods and to stop the activities of unauthorized sellers. Overseas enforcement action is taken by approved lawyers and investigators. Those lawyers and investigators are instructed to work with, where feasible, representatives of other football clubs and brands that are experiencing similar issues within the relevant country in order that our enforcement action costs can be minimized as far as possible. We also work with the Premier League in respect of infringements that affect multiple Premier League clubs, in particular in Asia. We also take direct legal action against infringers, for example, by issuing cease and desist letters or seeking compensation when we consider that it is appropriate to do so.

In relation to materials for which copyright protection is available (such as literary works, logos, photographic images and audio visual footage), our current practice is generally to secure copyright ownership where possible and appropriate. For example, where we are working with third parties and copyright protected materials are being created, we generally try to secure an assignment of the relevant copyright as part of the commercial contract. However, it is not always possible to secure copyright ownership. For example, in the case of audio visual footage relating to football competitions, copyright will generally vest in the competition organizer and any exploitation by Manchester United Football Club of such footage will be the subject of a license from the competition organizer.

As part of our ongoing investment into intellectual property, we have implemented a program to detect intellectual property infringement in a digital environment and which facilitates taking action against infringers.

Competition

From a business perspective, we compete across many different industries and within many different markets. We believe our primary sources of competition include, but are not limited to:

- ***Football clubs:*** We compete against other football clubs in the Premier League for match attendance and Matchday revenue. We compete against football clubs around Europe and the rest of the world to attract the best players and coaches in the global transfer and football staff markets.

- ***Television media:*** We receive media income primarily from the Premier League and UEFA media contracts, each of which is collectively negotiated. Further details of such arrangements are set out in the section headed " — Revenue Sectors — Broadcasting." On a collective level, and in respect of those media rights we retain, we compete against other types of television programming for broadcaster attention and advertiser income both domestically and in other markets around the world.

- ***Digital media:*** We compete against other digital content providers for consumer attention and leisure time, advertiser income and consumer e-commerce activity.

- ***Merchandise and apparel:*** We compete against other providers of sports apparel and equipment.

- ***Sponsorship:*** As a result of the international recognition and quality of our brand, we compete against many different outlets for corporate sponsorship and advertising income, including other sports and other sports teams, other entertainment and events, television and other traditional and digital media outlets.

- ***Live entertainment:*** We compete against alternative forms of live entertainment for the sale of matchday tickets, including other live sports, concerts, festivals, theatre and similar events.

As a result, we do not believe there is any single market for which we have a well-defined group of competitors.

Real Property

We own or lease property dedicated to our football and other operations. The most significant of our real properties is Old Trafford. The following table sets out our key owned and leased properties. In connection with our revolving facility, our secured term loan facility and the senior secured notes, several of our owned properties, including Old Trafford are encumbered with land charges as security for all obligations under those agreements, although: (a) Manchester International Freight Terminal is not encumbered as it has already been given as security under the Alderley Facility; and (b) the Aon Training Complex is not encumbered.

Key property and location	Primary function	Owned/leased	Area (approx. m^2)
Old Trafford Football Stadium, Manchester......	Football stadium	Owned (freehold)	205,000
Aon Training Complex, Carrington, Trafford ...	Football training facility	Owned (freehold)	440,000
Littleton Road Training Ground, Salford...........	Football training facility	Owned (freehold)	84,000
The Cliff, Lower Broughton Road, Salford	Football training facility	Owned (freehold)	28,000
Manchester International Freight Terminal, Westinghouse Road Trafford Park, Manchester...	Investment Property	Leased (through March 2071)	107,000
Land and buildings at Wharfside, Trafford Park, Manchester	Investment Property	Owned (freehold)	27,100
Land and buildings on the southwest side of Trafford Wharf Road, Manchester	Offices and Car Parking	Owned (freehold)	23,000
Land and buildings at Canalside, Trafford Park, Manchester	Investment Property	Owned (freehold)	10,800
Office space, Chester Road, Manchester	Offices	Leased (through November 2018)	1,176
Office space, central London	Offices	Leased (through March 2021)	1,100
Office space, Washington, D.C., United States	Offices	Leased (through February 2020)	658

The above properties are owned or leased by either Manchester United Football Club or Manchester United Limited, apart from Manchester International Freight Terminal which is leased by Alderley Urban Investments Limited.

Legal Proceedings

We are involved in various routine legal proceedings incident to the ordinary course of our business. We believe that the outcome of all pending legal proceedings, in the aggregate, will not have a material adverse effect on our business, financial condition or operating results. Further, we believe that the probability of any material losses arising from these legal proceedings is remote.

Subsidiaries

Our directly or indirectly wholly-owned principal subsidiaries are: Red Football Finance Limited, Red Football Holdings Limited, Red Football Shareholder Limited, Red Football Joint Venture Limited, Red Football Limited, Red Football Junior Limited, Manchester United Limited, Alderley Urban Investments Limited, Manchester United Commercial Enterprises (Ireland) Limited, Manchester United Football Club Limited, Manchester United Women’s Football Club Limited, Manchester United Interactive Limited, Manchester United Commercial Holdings Limited, Manchester United Commercial Holdings Junior Limited, MU Finance Limited (formerly known as MU Finance plc), MU RAML Limited, MUTV Limited and RAML USA LLC. All of the above are incorporated and operate in England and Wales, with the exception of Red Football Finance Limited which is incorporated in the Cayman Islands, Manchester United Commercial Enterprises (Ireland) Limited which is incorporated in Ireland and RAML USA LLC which is incorporated in the state of Delaware in the United States.

Customers

Our top five customers represented 58.9%, 59.2% and 54.4% of our total revenue in each of the years ended 30 June 2018, 2017 and 2016, respectively. Our top five customers in the year ended 30 June 2018 were the Premier League, adidas, General Motors (Chevrolet), UEFA and Aon. See “Item 3.D. Risk Factors — Risks Related to Our Business — We are exposed to credit related losses in the event of non-performance by counterparties to Premier League and UEFA media contracts as well as our key commercial and transfer contracts.” Our top customer was the Premier League, who represented 26.4%, 25.4% and 19.4% of our total revenue in each of the years ended 30 June 2018, 2017 and 2016, respectively. Our second largest customer was adidas, who represented 13.4%, 13.6% and 14.1% of our total revenue in each of the years ended 30 June 2018, 2017 and 2016.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with our consolidated financial statements and notes included elsewhere in this Annual Report.

Overview

We are one of the most popular and successful sports teams in the world, playing one of the most popular spectator sports on Earth. Through our 140-year heritage we have won 66 trophies, including a record 20 English league titles, enabling us to develop what we believe is one of the world’s leading sports brands and a global community of 659 million followers. Our large, passionate community provides Manchester United with a worldwide platform to generate significant revenue from multiple sources, including sponsorship, merchandising, product licensing, broadcasting and matchday. We attract leading global companies such as adidas, Aon and General Motors (Chevrolet) that want access and exposure to our community of followers and association with our brand.

How We Generate Revenue

We operate and manage our business as a single reporting segment — the operation of a professional sports team. We review our revenue through three principal sectors — Commercial, Broadcasting and Matchday — and within the Commercial revenue sector, we have two revenue streams which monetize our global brand: sponsorship revenue; and retail, merchandising, apparel & product licensing revenue.

Revenue Drivers

Commercial

Commercial revenue is derived from sponsors and commercial partners. We generate our Commercial revenue with low fixed costs and small incremental costs for each additional sponsor, making our commercial operations a relatively high margin and scalable part of our business and a driver of growth for our overall profitability. Total Commercial revenue for the year ended 30 June 2018 was £276.1 million.

Sponsorship

We monetize the value of our global brand and community of followers through sponsorship relationships with leading international and regional companies around the globe. To better capitalize on the strength of our brand, we have developed a segmentation sponsorship strategy. See “Item 4. Information on the Company — Revenue Sectors — Commercial – Sponsorship – Our Sponsors” for some of our global and regional sponsors as at 1 July 2018.

A partnership with Manchester United provides corporations with the ability to associate themselves with the highly popular Manchester United brand and a global marketing platform to quickly and effectively amplify their brand and message to their potential customers.

Our current shirt sponsor is General Motors (Chevrolet). The shirt sponsorship agreement began in the 2014/15 season and runs through to the end of the 2020/21 season, with total fees payable of approximately $559 million. We received approximately $18.6 million in each of the 2012/13 and 2013/14 seasons relating to pre-sponsorship support and exposure, with the remaining $521.8 million to be received and recognized over seven years through to the end of the 2020/21 season.

Our current training facilities and training kit partner is Aon.

Total sponsorship revenue for the year ended 30 June 2018 was £173.2 million, including mobile and content revenue of £8.0 million, previously shown separately in Commercial revenue.

Retail, Merchandising, Apparel & Product Licensing

Our retail, merchandising, apparel & product licensing business includes the sale of sports apparel, training and leisure wear and other clothing featuring the Manchester United brand as well as other licensed products from coffee mugs to bedspreads. These products are distributed on a global basis through Manchester United branded retail stores and e-commerce platform, as well as through our partners' wholesale distribution channels.

We have a 10-year agreement with adidas with respect to our global technical sponsorship and dual-branded licensing rights, which began on 1 August 2015. See "Item 4. Information on the Company — Revenue Sectors — Commercial – Retail, Merchandising, Apparel & Product Licensing" above for additional information regarding our agreement with adidas.

Total retail, merchandising, apparel & product licensing revenue for the year ended 30 June 2018 was £102.9 million.

Broadcasting

We benefit from the distribution of live football content directly from the revenue we receive and indirectly through increased global exposure for our commercial partners. Broadcasting revenue is derived from our share of the global broadcasting rights relating to the Premier League, Champions League and other competitions. The growing popularity of the Premier League and Champions League in international markets and the associated increases in media rights values have been major drivers of the increase in our overall Broadcasting revenue in recent years.

The Premier League's current domestic broadcasting rights contract with Sky Sports and BT Sport is worth £5.136 billion from the 2016/17 season to the 2018/19 season for its live domestic rights. The deal marked a significant increase of over 70% on the previous contract, which was worth £3.018 billion and ran from the 2013/14 season through the 2015/16 season, and represents the largest UK TV rights deal ever signed. In addition, the value of the international broadcasting rights for the seasons 2016/17 through to 2018/19 also increased significantly to £3.2 billion which represents an increase of over 40% compared to the £2.2 billion generated from the previous three-year cycle ended in season 2015/16. In February 2018, the Premier League announced that it had sold five out of seven UK live television rights packages, for the three seasons commencing with the 2019/20 season, to Sky Sports and BT Sport, for a combined value of £4.5 billion. In June 2018, the Premier League further announced that it had sold the remaining two packages to BT Sport and Amazon Prime Video, a new entrant to Premier League UK broadcasting contracts. The overall value generated from the sale of the seven packages has not yet been disclosed.

In June 2018, UEFA announced a new three-year media rights agreement worth €3.2 billion for three years commencing in the 2018/19 season. This deal marks an increase of 33% on the previous contract.

Our share of the revenue under the Premier League broadcasting rights contract amounted to £151.6 million, £143.5 million and £95.7 million for the 2017/18, 2016/17 and 2015/16 seasons, respectively, and our share of the revenue from broadcasting rights for UEFA competitions amounted to £38.3 million, £39.5 million and £31.3 million for the 2017/18, 2016/17and 2015/16 seasons, respectively.

Our participation in the Premier League and Champions League and/or Europa League (and consequently, our receipt of the revenue generated by these broadcasting contracts) is predicated on the success of our first team, and if our first team fails to qualify for these UEFA competitions or is relegated from the Premier League in any given season, our Broadcasting revenue for that and subsequent fiscal years will be adversely impacted, partially offset by lower operating expenses.

In addition, MUTV delivers Manchester United programming and other content to territories around the world. MUTV generated total revenue of £10.7 million, £9.0 million and £9.0 million for each of the years ended 30 June 2018, 2017 and 2016, respectively. Total Broadcasting revenue for the year ended 30 June 2018 was £204.1 million.

Matchday

Matchday revenue is a function of the number of games played at Old Trafford, the size and seating composition of Old Trafford, attendance at our matches and the prices of tickets and hospitality sales. A significant driver of Matchday revenue is the number of home games we play at Old Trafford, which is based on 19 Premier League matches and any additional matches resulting from the success of our first team in the FA Cup, EFL Cup and UEFA competitions. Our participation in the Premier League and UEFA competitions (and consequently, our receipt of the revenue generated by these matches) is predicated on the success of our first team, and if our first team fails to qualify for UEFA competitions or is relegated from the Premier League in any given season, our Matchday revenue for that and subsequent fiscal years will be adversely impacted, partially offset by lower resulting expenses. Average attendance for our home Premier League matches has been over 99% for each season since the 1997/98 season, with strong attendance for UEFA competitions, FA Cup and EFL Cup matches. Total Matchday revenue for the year ended 30 June 2018 was £109.8 million.

Other Factors That Affect Our Financial Performance

Employee benefit expenses

Player and staff compensation comprise the majority of our operating costs. Of our total operating costs, player costs, which consist of salaries, bonuses, benefits and national insurance contributions are the primary component. Compensation to non-player staff, which includes our manager and coaching staff, also accounts for a significant portion. Competition from top clubs in the Premier League and Europe has resulted in increases in player and manager salaries, forcing clubs to spend an increasing amount on player and staff compensation, and we expect this trend to continue. In addition, as our commercial operations grow, we expect our headcount and related expenses to increase as well.

Other operating expenses

Our other operating expenses include certain variable costs such as matchday catering, policing, security stewarding and cleaning at Old Trafford, visitor gateshare for domestic cups, and costs related to the delivery on media and commercial sponsorship contracts. Other operating expenses also include certain fixed costs, such as operating lease costs and property costs, maintenance, human resources, training and developments costs, and professional fees.

Amortization and depreciation

We amortize the capitalized costs associated with the acquisition of players' and key football management staff registrations. These costs are amortized over the period of the employment contract agreed with a player/key football management staff. If a player or key football management staff extends his contract prior to the end of the pre-existing period of employment, the remaining unamortized portion of the acquisition cost is amortized over the period of the new contract. Changes in amortization of the costs of players' and key football management staff registrations from year to year and period to period reflect additional fees paid for the acquisition of players and key football management staff, the impact of contract extensions and the disposal of registrations. As such, increased players' and key football management staff registration costs in any period could cause higher amortization in that period and in future periods and have a negative impact on our results of operations. Moreover, to the extent that the player and key football management staff registration costs vary from period to period, this may drive variability in our results of operations. We also amortize the capitalized costs associated with the acquisition of other intangible assets over their estimated useful lives, which is typically between 3 and 10 years.

Depreciation primarily reflects a straight-line depreciation on investments made in property, plant and equipment. Depreciation over the periods under review results primarily from the depreciation of Old Trafford, including incremental improvements made to Old Trafford each season.

Exceptional items

Exceptional operating costs are those costs that in management's judgment need to be separately disclosed by virtue of their size, nature or incidence in order to provide a proper understanding of our results of operations and financial condition.

Profit/(loss) on disposal of intangible assets

We recognize profits or losses on the disposal of intangible assets (primarily players' registrations) in our income statement. Acquisitions and disposals of players are discretionary and we make transfer decisions based upon the requirements of our first team and the overall availability of players. These requirements and the availability of players, and resulting profits or losses on disposals, may vary from period to period, contributing to variability in our results of operations between periods.

Finance costs

A key component of our expenses during each of the past three fiscal years has been interest costs. We expect interest expense to continue to be a significant component of our expenses. Net finance costs were £18.0 million for the year ended 30 June 2018. See "Item 5.B. Liquidity and Capital Resources — Indebtedness."

Taxes

During each of the three years ended 30 June 2018, 2017 and 2016, our principal operating subsidiaries were tax residents in the UK. During the year ended 30 June 2018, we were subject to a weighted UK statutory tax rate of 19.0%, during the year ended 30 June 2017, we were subject to a weighted UK statutory tax rate of 19.75% and during the year ended 30 June 2016, we were subject to a weighted UK statutory tax rate of 20.0%.

Although we are organized as a Cayman Islands exempted company, we report as a US domestic corporation for US federal income tax purposes. As a result, our worldwide income is also subject to US taxes at the US statutory rate of 28% for the fiscal year ended 30 June 2018 and 21% for subsequent years (2017: 35%). The US federal corporate income tax rate reduced from 35% to 21% following the substantive enactment of US tax reform on 22 December 2017 (the "TCJA"). We expect to utilize a credit in the United States for the UK taxes paid and therefore we do not expect to be double taxed on our income. Due to the reduction in the US statutory rate to 21%, we expect our future cash tax rate to align more closely with the US statutory rate of 21%.

We may also be subject to US state and local income (franchise) taxes based generally upon where we are doing business. These tax rates vary by jurisdiction and the tax base. Generally, state and local taxes are deductible for US federal income tax purposes. Furthermore, because most of our subsidiaries are disregarded from their owner for US federal income tax purposes, we are not able to control the timing of much of our US federal income tax exposure. In calculating our liability for US federal income tax, however, certain of our deductible expenses are higher than the amount of those same expenses under UK corporation tax rules, owing to differences in the relevant rules of the two jurisdictions and the related difference in the opening book versus tax basis of our assets and liabilities. Finally, our UK tax liability can be credited against our US federal income tax liabilities, subject to US rules and limitations. Nevertheless, over time we expect to pay slightly higher amounts of tax than had we remained solely liable to tax in the United Kingdom.

Seasonality

We experience seasonality in our revenue and cash flow, limiting the overall comparability and predictability of interim financial periods. In any given interim period, our total revenue can vary based on the number of games played in that period, which affects the amount of Matchday and Broadcasting revenue recognized. Similarly, certain of our costs derive from hosting games at Old Trafford, and these costs will also vary based on the number of games played in the period. We historically recognize the most revenue in our second and third fiscal quarters due to the scheduling of matches. However, a strong performance by our first team in UEFA competitions and domestic cups could result in significant additional Broadcasting and Matchday revenue, and consequently we may also recognize the most revenue in our fourth fiscal quarter in those years. Our cash flow may also vary among interim periods due to the timing of significant payments from major commercial agreements. As such, though we report interim results of operations for our first, second and third fiscal quarters, in managing our business, setting goals and assessing performance we focus primarily on our full-year results of operations rather than our interim results of operations.

A. OPERATING RESULTS

The following table shows selected audited consolidated income statement data for the years ended 30 June 2018, 2017 and 2016.

	Year ended 30 June		
	2018	**2017**	**2016**
Income Statement Data		**(£'000)**	
Revenue	590,022	581,204	515,345
Analyzed as:			

Commercial revenue	276,099	275,471	268,318
Broadcasting revenue	204,137	194,098	140,440
Matchday revenue	109,786	111,635	106,587
Operating expenses — before exceptional items	(562,089)	(516,068)	(421,574)
Analyzed as:			
Employee benefit expenses	(295,935)	(263,464)	(232,242)
Other operating expenses	(117,019)	(117,942)	(91,244)
Depreciation	(10,755)	(10,228)	(10,079)
Amortization	(138,380)	(124,434)	(88,009)
Operating expenses — exceptional items	(1,917)	4,753	(15,135)
Total operating expenses	(564,006)	(511,315)	(436,709)
Operating profit before profit/(loss) on disposal of intangible assets	26,016	69,889	78,636
Profit/(loss) on disposal of intangible assets	18,119	10,926	(9,786)
Operating profit	44,135	80,815	68,850
Finance costs	(24,233)	(25,013)	(20,459)
Finance income	6,195	736	442
Net finance costs	(18,038)	(24,277)	(20,017)
Profit on ordinary activities before tax	26,097	56,538	48,833
Tax expense	(63,367)	(17,361)	(12,462)
(Loss)/profit for the year	(37,270)	39,177	36,371

Year Ended 30 June 2018 as Compared to the Year Ended 30 June 2017

	Year ended 30 June		% Change
	2018	2017	2018 over 2017
	(in £ millions)		
Revenue	590.0	581.2	1.5%
Commercial revenue	276.1	275.5	0.2%
Broadcasting revenue	204.1	194.1	5.2%
Matchday revenue	109.8	111.6	(1.6%)
Total operating expenses	(564.0)	(511.3)	10.3%
Employee benefit expenses	(295.9)	(263.5)	12.3%
Other operating expenses	(117.0)	(117.9)	(0.8%)
Depreciation	(10.8)	(10.3)	4.9%
Amortization	(138.4)	(124.4)	11.3%
Exceptional items	(1.9)	4.8	-
Profit on disposal of intangible assets	18.1	10.9	66.1%
Net finance costs	(18.0)	(24.3)	(25.9%)
Tax expense	(63.4)	(17.3)	266.5%

Revenue

Consolidated revenue for the year ended 30 June 2018 was £590.0 million, an increase of £8.8 million, or 1.5%, compared to the year ended 30 June 2017, as a result of an increase in revenue in our commercial and broadcasting sectors and a decrease in revenue in our matchday sector, as described below.

Commercial revenue

Commercial revenue for the year ended 30 June 2018 was £276.1 million, an increase of £0.6 million, or 0.2%, over the year ended 30 June 2017.

- Sponsorship revenue for the year ended 30 June 2018 was £173.2 million, an increase of £1.7 million, or 1.0%, over the year ended 30 June 2017. Sponsorship revenue includes mobile and content revenue of £8.0 million and

£9.2 million for each of the years ended 30 June 2018 and 2017 respectively, previously shown separately in Commercial revenue.

- Retail, merchandising, apparel & product licensing revenue for the year ended 30 June 2018 was £102.9 million, a decrease of £1.1 million, or 1.1%, over the year ended 30 June 2017.

Broadcasting revenue

Broadcasting revenue for the year ended 30 June 2018 was £204.1 million, an increase of £10.0 million, or 5.2%, over the year ended 30 June 2017, primarily due to finishing runners-up in the Premier League compared to sixth in the prior year.

Matchday revenue

Matchday revenue for the year ended 30 June 2018 was £109.8 million, a decrease of £1.8 million, or 1.6%, over the year ended 30 June 2017.

Total operating expenses

Total operating expenses (defined as employee benefit expenses, other operating expenses, depreciation, amortization and exceptional items) for the year ended 30 June 2018 were £564.0 million, an increase of £52.7 million, or 10.3%, over the year ended 30 June 2017.

Employee benefit expenses

Employee benefit expenses for the year ended 30 June 2018 were £295.9 million, an increase of £32.4 million, or 12.3%, over the year ended 30 June 2017, primarily due to player salary uplifts related to participation in the UEFA Champions League.

Other operating expenses

Other operating expenses for the year ended 30 June 2018 were £117.0 million, a decrease of £0.9 million, or 0.8%, over the year ended 30 June 2017.

Depreciation

Depreciation for the year ended 30 June 2018 amounted to £10.8 million, an increase of £0.5 million, or 4.9%, over the year ended 30 June 2017.

Amortization

Amortization, primarily of registrations, for the year ended 30 June 2018 was £138.4 million, an increase of £14.0 million, or 11.3%, over the year ended 30 June 2017. The increase in amortization was primarily due to player acquisitions during fiscal year 2017. The unamortized balance of registrations as of 30 June 2018 was £369.5 million, of which £138.5 million is expected to be amortized in the year ending 30 June 2019. The remaining balance is expected to be amortized over the four years ending 30 June 2023. This does not take into account player acquisitions after 30 June 2018, which would have the effect of increasing the amortization expense in future periods, nor does it consider player departures subsequent to 30 June 2018, which would have the effect of decreasing future amortization charges. Furthermore, any contract renegotiations would also impact future charges.

Exceptional items

Exceptional items for the year ended 30 June 2018 were a cost of £1.9 million, relating to the present value of the additional contributions we are expected to pay to remedy the increased deficit of the Football League pension scheme pursuant to the latest actuarial triennial valuation at 31 August 2017. Exceptional items for the year ended 30 June 2017 were a credit of £4.8 million, relating to a reversal of a player registration impairment charge for a player who was re-established as a member of the first team squad.

Profit on disposal of intangible assets

Profit on disposal of intangible assets for the year ended 30 June 2018 was £18.1 million, compared to a profit of £10.9 million for the year ended 30 June 2017. The profit on disposal of intangible assets for the year ended 30 June 2018 primarily related to the disposal of Januzaj (Real Sociedad) and sell on fees relating to former players. The profit on disposal of intangible assets for the year ended 30 June 2017 primarily related to the disposals of McNair (Sunderland), Schneiderlin (Everton) and Schweinsteiger (Chicago Fire).

Net finance costs

Net finance costs for the year ended 30 June 2018 were £18.0 million, a decrease of £6.3 million, or 25.9%, over the year ended 30 June 2017. The decrease was primarily due to unrealized foreign exchange gains on unhedged USD borrowings.

Tax

The tax expense for the year ended 30 June 2018 was £63.4 million, compared to £17.3 million for the year ended 30 June 2017. The current year charge includes a non-cash, tax accounting write-off of £48.8 million following the substantive enactment of US tax reform on 22 December 2017. The non-cash write-off was primarily due to the reduction in the US federal corporate income tax rate from 35% to 21%, which necessitated re-measurement of the existing US deferred tax position in the period to 31 December 2017.

Year Ended 30 June 2017 as Compared to the Year Ended 30 June 2016

	Year ended 30 June		% Change
	2017	**2016**	**2017 over 2016**
	(in £ millions)		
Revenue	581.2	515.3	12.8%
Commercial revenue	275.5	268.3	2.7%
Broadcasting revenue	194.1	140.4	38.2%
Matchday revenue	111.6	106.6	4.7%
Total operating expenses	(511.3)	(436.6)	17.1%
Employee benefit expenses	(263.5)	(232.2)	13.5%
Other operating expenses	(117.9)	(91.2)	29.3%
Depreciation	(10.3)	(10.1)	2.0%
Amortization	(124.4)	(88.0)	41.4%
Exceptional items	4.8	(15.1)	-
Profit/(loss) on disposal of intangible assets	10.9	(9.8)	-
Net finance costs	(24.3)	(20.0)	21.5%
Tax expense	(17.3)	(12.5)	38.4%

Revenue

Consolidated revenue for the year ended 30 June 2017 was £581.2 million, an increase of £65.9 million, or 12.8%, compared to the year ended 30 June 2016, as a result of an increase in revenue in all our sectors, as described below.

Commercial revenue

Commercial revenue for the year ended 30 June 2017 was £275.5 million, an increase of £7.2 million, or 2.7%, over the year ended 30 June 2016.

- Sponsorship revenue for the year ended 30 June 2017 was £171.5 million, an increase of £0.5 million, or 0.3%, over the year ended 30 June 2016.

- Retail, merchandising, apparel & product licensing revenue for the year ended 30 June 2017 was £104.0 million, an increase of £6.7 million, or 6.9%, over the year ended 30 June 2016, primarily due to a full year contribution from the adidas agreement, compared to only 11 months in the prior year, plus growth in Megastore revenue.

Broadcasting revenue

Broadcasting revenue for the year ended 30 June 2017 was £194.1 million, an increase of £53.7 million, or 38.2%, over the year ended 30 June 2016, primarily due to the new Premier League broadcasting rights agreement plus progression to, and success in winning, the UEFA Europa League final.

Matchday revenue

Matchday revenue for the year ended 30 June 2017 was £111.6 million, an increase of £5.0 million, or 4.7%, over the year ended 30 June 2016, primarily due to playing two more home games in the year.

Total operating expenses

Total operating expenses (defined as employee benefit expenses, other operating expenses, depreciation, amortization and exceptional items) for the year ended 30 June 2017 were £511.3 million, an increase of £74.7 million, or 17.1%, over the year ended 30 June 2016.

Employee benefit expenses

Employee benefit expenses for the year ended 30 June 2017 were £263.5 million, an increase of £31.3 million, or 13.5%, over the year ended 30 June 2016, primarily due to an increase in first team salaries, following investment in the first team squad.

Other operating expenses

Other operating expenses for the year ended 30 June 2017 were £117.9 million, an increase of £26.7 million, or 29.3%, over the year ended 30 June 2016, primarily due to the impact of playing more games in the year as a result of progression in domestic and European cup competitions.

Depreciation

Depreciation for the year ended 30 June 2017 amounted to £10.3 million, an increase of £0.2 million, or 2.0%, over the year ended 30 June 2016.

Amortization

Amortization, primarily of players' registrations, for the year ended 30 June 2017 was £124.4 million, an increase of £36.4 million, or 41.4%, over the year ended 30 June 2016. The increase in amortization was primarily due to player acquisitions during fiscal year 2017. The unamortized balance of registrations as of 30 June 2017 was £290.6 million, of which £125.3 million is expected to be amortized in the year ending 30 June 2018. The remaining balance is expected to be amortized over the three years ending 30 June 2021. This does not take into account player acquisitions after 30 June 2017, which would have the effect of increasing the amortization expense in future periods, nor does it consider player departures subsequent to 30 June 2017, which would have the effect of decreasing future amortization charges. Furthermore, any contract renegotiations would also impact future charges.

Exceptional items

Exceptional items for the year ended 30 June 2017 were a credit of £4.8 million, relating to a reversal of a player registration impairment charge for a player who was re-established as a member of the first team squad. Exceptional items for the year ended 30 June 2016 were a charge of £15.1 million, of which £8.4 million related to compensation to the former manager and certain members of the coaching staff for loss of office and £6.7 million related to a registrations' impairment charge regarding a reduction in the carrying value of a player no longer considered to be a member of the first team playing squad.

Profit/(loss) on disposal of intangible assets

Profit on disposal of intangible assets for the year ended 30 June 2017 was £10.9 million, compared to a loss of £9.8 million for the year ended 30 June 2016. The profit on disposal of intangible assets for the year ended 30 June 2017 primarily related to the disposals of McNair (Sunderland), Schneiderlin (Everton) and Schweinsteiger (Chicago Fire). The loss on disposal of intangible assets for the year ended 30 June 2016 primarily related to the disposal of Di Maria (Paris St-Germain).

Net finance costs

Net finance costs for the year ended 30 June 2017 were £24.3 million, an increase of £4.3 million, or 21.5%, over the year ended 30 June 2016. The increase was primarily due to fair value movements on derivatives, partially offset by favorable, unrealized foreign exchange movements.

Tax

The tax expense for the year ended 30 June 2017 was £17.3 million, compared to £12.5 million for the year ended 30 June 2016, primarily due to the increase in profit before tax and a reduction in foreign exchange gains on US dollar denominated deferred tax assets.

Critical Accounting Estimates and Judgments

The preparation of our financial information requires management to make estimates, judgments and assumptions concerning the future. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

For a summary of all of our significant accounting policies, see note 2 to our audited consolidated financial statements as of 30 June 2018 and 2017 and for the years ended 30 June 2018, 2017 and 2016 included elsewhere in this Annual Report.

We believe that the following accounting policies reflect the most critical estimates, judgments and assumptions and are significant to the consolidated financial statements.

Revenue recognition

Commercial

Commercial revenue (whether settled in cash or value in kind) comprises revenue receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed revenue, revenue receivable from retailing Manchester United branded merchandise in the UK and licensing the manufacture, distribution and sale of such goods globally, and fees for the Manchester United first team undertaking tours.

Minimum guaranteed revenue is recognized over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship benefits enjoyed by the individual sponsor. In instances where the sponsorship rights remain the same over the duration of the contract, revenue is recognized on a straight-line basis.

The minimum guarantee payable by adidas over the term of our agreement with them is equal to £750 million, subject to certain adjustments. Payments due in a particular year may increase if our first team wins certain competitions or decrease if our first team fails to participate in the Champions League for two or more consecutive seasons, with the reduction being 30% of the applicable payment for the year in which the second or other consecutive season of non-participation falls. In the event of a reduction in any year due to the failure to participate in the Champions League for two or more consecutive seasons, the payments revert back to the original terms upon the first team participating again in the Champions League. Any increase or decrease in a particular year would have the effect of increasing or decreasing the minimum guarantee amount of £750 million payable over the term of the agreement. A critical estimate in future financial years therefore will be management’s assessment as to whether or not our first team is likely to fail to participate in the Champions League for two or more consecutive seasons during the term of the agreement. Such assessments of future participation may differ from actual participation, which could result in a difference in the revenue recognized in a given year.

Broadcasting and Matchday

For our accounting policies relating to Broadcasting revenue and Matchday revenue, which management does not consider to involve critical estimates and judgments, see note 2 to our audited consolidated financial statements as of 30 June 2018 and 2017 and for the years ended 30 June 2018, 2017 and 2016 included elsewhere in this Annual Report.

Impairment of goodwill and non-current assets

The Company annually tests whether goodwill has suffered any impairment and more frequently tests whether events or changes in circumstances indicate a potential impairment. An impairment loss is recognized when the carrying value of goodwill exceeds its recoverable amount. Its recoverable amount is the higher of fair value less costs of disposal and value in use. The recoverable amount has been determined based on value-in-use calculations. These calculations require the use of estimates, both in arriving at the expected future cash flow and the application of a suitable discount rate in order to calculate the present value of these flows. See note 15 to our audited consolidated financial statements as of 30 June 2018 and 2017 and for the years ended 30 June 2018, 2017 and 2016 included elsewhere in this Annual Report.

All other non-current assets, including property plant and equipment and investment property, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment charges arising are recognized in the income statement when the carrying amount of an asset is greater than the estimated recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use, and are calculated with reference to future discounted cash flows that the asset is expected to generate when considered as part of a cash-generating unit. An impairment review trigger event would include, for example, our failure to qualify for the Champions League for a sustained period. In respect of player registrations, a further impairment review trigger event would occur when the player is excluded from our revenue generation, for example, as a result of a career-ending injury, and conditions indicate that the amortized carrying value of the asset is not recoverable.

The impairment review of goodwill and other non-current assets considers estimates of the future economic benefits attributable to them. Such estimates involve assumptions in relation to the future, recoverable amount of the asset, ticket revenue, broadcasting and sponsorship revenue and on-field performance. Any estimates of future economic benefits made in relation to non-current assets may differ from the benefits that ultimately arise, and materially affect the recoverable value of the asset.

Intangible assets — registrations

The costs associated with the acquisition of players' and key football management staff registrations are capitalized as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the individual's registration. The estimate of the fair value of the contingent consideration payable requires management to assess the likelihood of specific performance conditions being met which would trigger the payment of the contingent consideration such as the number of player appearances. This assessment is carried out on an individual basis. Costs associated with the acquisition of players' and key football management staff registrations include transfer fees, Premier League levy fees, agents' fees and other directly attributable costs. These costs are amortized over the period covered by the individual's contract. To the extent that an individual's contract is extended, the remaining book value is amortized over the remaining revised contract life.

Tax

Tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to (or recovered from) the tax authorities. From time to time we are involved in discussions with tax authorities in relation to ongoing tax matters and, where appropriate, provisions are made based on management's assessment of each case. Future tax expense or credit may be higher or lower than estimates made when determining whether it is appropriate to record a provision and the amount to be recorded. Furthermore, changes in the legislative framework or applicable tax case law may result in management reassessing the recognition of tax provisions in future periods.

Recognition of deferred tax assets

We recognize deferred tax effects of temporary differences between the financial statement carrying amounts and the tax basis of our assets and liabilities.

Deferred tax assets are recognized only to the extent that it is probable that the associated deductions will be available for use against future profits and that there will be sufficient future taxable profit available against which the temporary differences can be utilized, provided the asset can be reliably quantified. In estimating future taxable profit, management use "base case" approved forecasts which incorporate a number of assumptions, including a prudent level of future uncontracted revenue in the forecast period. In arriving at a judgment in relation to the recognition of deferred tax assets, management considers the regulations applicable to tax and advice on their interpretation. Future taxable income may be higher or lower than estimates made when determining whether it is appropriate to record a tax asset and the amount to be recorded. Furthermore, changes in the legislative framework or applicable tax case law may result in management reassessing the recognition of deferred tax assets in future periods.

B. LIQUIDITY AND CAPITAL RESOURCES

Our primary cash requirements stem from the payment of transfer fees for the acquisition of players' registrations, capital expenditure for the improvement of facilities at Old Trafford and the Aon Training Complex, payment of interest on our borrowings, employee benefit expenses, other operating expenses and dividends on our Class A ordinary shares and Class B ordinary shares. Historically, we have met these cash requirements through a combination of operating cash flow and proceeds from the transfer fees from the sale of players' registrations. Our existing borrowings primarily consist of our secured term loan facility and our senior secured notes. Additionally, although we have not needed to draw any borrowings under our revolving facility since 2009, we have no intention of retiring our revolving facility and may draw on it in the future in order to satisfy our working capital requirements. We manage our cash flow interest rate risk where considered appropriate using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. We have US dollar borrowings that we use to hedge our US dollar commercial revenue exposure. See " — Indebtedness" below. We continue to evaluate our financing options and may, from time to time, take advantage of opportunities to repurchase or refinance all or a portion of our existing indebtedness to the extent such opportunities arise.

In fiscal year 2018 we paid a regular semi-annual cash dividend on our Class A ordinary shares and Class B ordinary shares of $0.09 per share. We expect to continue paying regular semi-annual dividends to our Class A ordinary shareholders and Class B ordinary shareholders out of our operating cash flows. The declaration and payment of any future dividends, however, will be at the sole discretion of our board of directors or a committee thereof, and our expectations and policies regarding dividends are subject to change as our business needs, capital requirements or market conditions change.

Our business generates a significant amount of cash from our matchday revenues and commercial contractual arrangements at or near the beginning of our fiscal year, with a steady flow of other cash received throughout the fiscal year. In addition, we generate a significant amount of our cash through advance receipts, including season tickets (which include general admission season tickets and seasonal hospitality tickets), most of which are received prior to the end of June for the following season. Our Broadcasting revenue from the Premier League and UEFA are paid periodically throughout the season, with primary payments made in late summer, December, January and the end of the football season. Our sponsorship and other commercial revenue tends to be paid either quarterly or annually in advance. However, while we typically have a high cash balance at the beginning of each fiscal year, this is largely attributable to deferred revenue, the majority of which falls under current liabilities in the consolidated balance sheet, and this deferred revenue is unwound through the income statement over the course of the fiscal year. Over the course of a year, we use our cash on hand to pay employee benefit expenses, other operating expenses, interest payments and other liabilities as they become due. This typically results in negative working capital movement at certain times during the year. In the event it ever became necessary to access additional operating cash, we also have access to cash through our revolving facility. As of 30 June 2018, we had no borrowings under our revolving facility.

Pursuant to our contract with adidas, which began on 1 August 2015, the minimum guarantee payable by adidas over the 10-year term of the agreement is equal to £750 million, subject to certain adjustments. See "Item 4. Information on the Company — Revenue Sectors — Commercial – Retail, Merchandising, Apparel & Product Licensing" above for additional information regarding our agreement with adidas.

We also maintain a mixture of long-term debt and capacity under our revolving facility in order to ensure that we have sufficient funds available for short-term working capital requirements and for investment in the playing squad and other capital projects.

Our cost base is more evenly spread throughout the fiscal year than our cash inflows. Employee benefit expenses and fixed costs constitute the majority of our cash outflows and are generally paid throughout the 12 months of the fiscal year. Our working capital levels tend to be at their lowest in November, in advance of Premier League and UEFA broadcasting receipts in December and January.

In addition, transfer windows for acquiring and disposing of registrations occur in January and the summer. During these periods, we may require additional cash to meet our acquisition needs for new players and we may generate additional cash through the sale of existing registrations. Depending on the terms of the agreement, transfer fees may be paid or received by us in multiple installments, resulting in deferred cash paid or received. Although we have not historically drawn on our revolving facility during the summer transfer window, if we seek to acquire players with values substantially in excess of the values of players we seek to sell, we may be required to draw on our revolving facility to meet our cash needs.

Acquisition and disposal of registrations also affects our trade receivables and payables, which affects our overall working capital. Our trade receivables include accrued revenue from sponsors as well as transfer fees receivable from other football clubs, whereas our trade payables include transfer fees and other associated costs in relation to the acquisition of registrations.

Capital expenditures at Old Trafford

Our stadium, Old Trafford, remains one of our key assets and a significant part of the overall experience we provide to our followers. Old Trafford has been our home stadium since 1910 and has undergone significant changes over the years. To maintain the quality of service, enhance the fan experience and increase matchday revenue, we continually invest in the refurbishment and regeneration of Old Trafford. Following a substantial development prior to the 2006/07 season, we expanded seating capacity at Old Trafford from approximately 68,000 to 74,989. In addition, we have continued to invest in improving hospitality suites and catering facilities through refurbishment programs.

We record these investments as capital expenditures. Capital expenditure at Old Trafford was £6.3 million, £3.5 million and £2.7 million for the years ended 30 June 2018, 2017 and 2016, respectively.

In addition, we spent approximately £4.0 million, £5.4 million and £2.3 million for the years ended 30 June 2018, 2017 and 2016, respectively in connection with updating and expanding the Aon Training Complex, our training facility.

We have also announced plans for improvements to Old Trafford's provision for supporters with disabilities. This follows consultation with organizations such as the Equality and Human Rights Commission (EHRC) and Manchester United Disabled Supporters' Association (MUDSA) and includes the creation of new accessible viewing areas for disabled supporters.

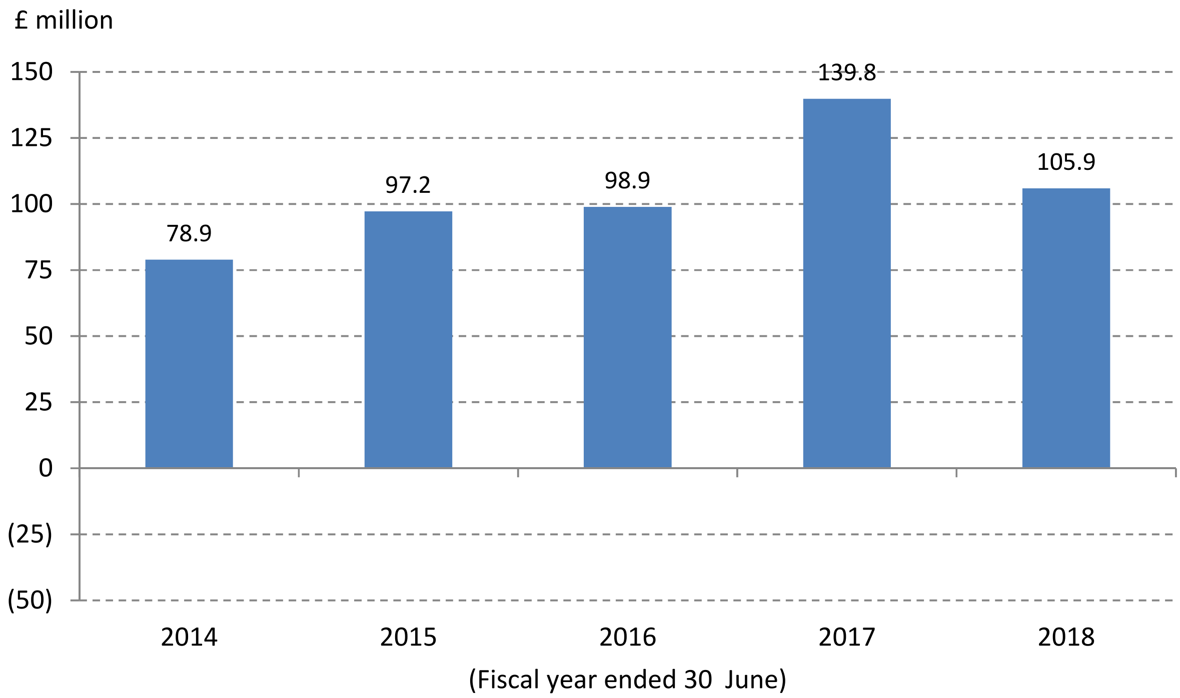
Digital Media capital expenditure

We intend to continue investing in our digital media assets, including our website, mobile application and digital media capabilities.

Net intangible asset – registrations capital expenditure

Our average net intangible asset – registrations capital expenditure over the last 5 years has been a cash outflow of £104.1 million per fiscal year. However, net intangible asset – registrations capital expenditure has varied significantly from period to period, as shown in the table below, and while we expect that trend to continue, competition for talented players may force clubs to spend increasing amounts on player registration fees. We may explore new player acquisitions in connection with future transfer periods that may materially increase the amount of our net intangible asset – registrations capital expenditure. Actual cash used or generated from net intangible asset – registrations capital expenditure is recorded on our statement of cash flow under net cash used or generated in investing activities.

Last 5 Years Net Intangible Asset – Registrations Capital Expenditure[(1)]



(1) The net intangible asset – registrations capital expenditure data presented is the sum of all cash used for purchases of intangible assets – registrations and all cash generated from sales of intangible assets – registrations as disclosed in our consolidated annual financial statements.

Working Capital

Our directors confirmed that, as of the date of this Annual Report, after taking into account our current cash and cash equivalents and our anticipated cash flow from operating and financing activities, we believe that we have sufficient working capital for our present requirements.

Cash Flow

The following table summarizes our cash flows for the years ended 30 June 2018, 2017 and 2016:

	Year ended 30 June		
	2018	2017	2016
		(in £ millions)	
Cash flow from operating activities			
Cash generated from operations	119.6	251.7	200.8
Interest paid	(18.9)	(19.5)	(13.2)
Interest received	1.2	0.7	0.5
Tax paid	(6.7)	(5.2)	(2.0)
Net cash generated from operating activities	95.2	227.7	186.1
Cash flow from investing activities			
Payments for property, plant and equipment and investment property (net of proceeds)	(13.2)	(9.0)	(5.1)
Payments for intangible assets	(155.0)	(193.8)	(138.1)
Proceeds from sale of intangible assets	46.9	51.8	38.4
Net cash used in investing activities	(121.3)	(151.0)	(104.8)
Cash flow from financing activities			
Repayment of borrowings	(0.4)	(0.4)	(0.4)

Dividends paid	(22.0)	(23.3)	(20.1)
Net cash used in financing activities	(22.4)	(23.7)	(20.5)
Net (decrease)/increase in cash and cash equivalents[1]	(48.5)	53.0	60.8

[1] Excludes the effects of exchange rate changes on cash and cash equivalents.

Net cash generated from operating activities

Net cash generated from operations represents our operating results and net movements in our working capital. Our working capital is generally impacted by the timing of cash received from the sale of tickets and hospitality and other matchday revenues, broadcasting revenue from the Premier League and UEFA and sponsorship and commercial revenue. Cash generated from operations for the year ended 30 June 2018 produced a cash inflow of £119.6 million, a decrease of £132.1 million from a cash inflow of £251.7 million for the year ended 30 June 2017, primarily due to timing of cash receipts of commercial contractual agreements. Cash generated from operations for the year ended 30 June 2016 was £200.8 million.

Additional changes in net cash generated from operating activities generally reflect our finance costs. We currently pay fixed rates of interest on our senior secured notes and variable rates of interest on our secured term loan facility. We use interest rate swaps to manage the cash flow interest rate risk. Such swaps have the economic effect of converting interest from variable rates to a fixed rate. Our revolving facility is also subject to variable rates of interest.

Interest paid was £18.9 million in the year ended 30 June 2018, a decrease of £0.6 million compared to £19.5 million in interest paid in the year ended 30 June 2017. Interest on our senior secured notes is normally paid semi-annually, at the beginning of August and at the beginning of February. Interest paid was £13.2 million for the year ended 30 June 2016. Interest on the senior secured notes for the period up to the 25 June 2015 was paid at the end of June 2015 when our debt was refinanced. Consequently, interest paid on our senior secured notes in the year ended 30 June 2016 equated to seven months interest up to the beginning of February 2016 whereas interest paid on our senior secured notes in the years ended 30 June 2018 and 30 June 2017 equated to twelve months interest up to the beginning of February 2018 and 2017 respectively.

Net cash generated from operating activities was £95.2 million in the year ended 30 June 2018, compared to net cash generated from operating activities of £227.7 million for the year ended 30 June 2017. Net cash generated from operating activities was £186.1 million for the year ended 30 June 2016.

Net cash used in investing activities

Capital expenditure for the acquisition of intangible assets as well as for improvements to property, principally at Old Trafford and the Aon Training Complex, are funded through cash flow generated from operations, proceeds from the sale of intangible assets and, if necessary, from our revolving facility. Capital expenditure on the acquisition, disposal and trading of intangible assets tends to vary significantly from year to year depending on the requirements of our first team, overall availability of players, our assessment of their relative value and competitive demand for players from other clubs. By contrast, capital expenditure on the purchase of property, plant and equipment tends to remain relatively stable as we continue to make improvements at Old Trafford and the Aon Training Complex.

Net cash used in investing activities for the year ended 30 June 2018 was £121.3 million, a decrease of £29.7 million from £151.0 million for the year ended 30 June 2017. Net cash used in investing activities for the year ended 30 June 2016 was £104.8 million.

For the year ended 30 June 2018, net capital expenditure on property, plant and equipment and investment property was £13.2 million, an increase of £4.2 million from net expenditure of £9.0 million for the year ended 30 June 2017. Net capital expenditure for the years ended 30 June 2018 and 30 June 2017 related mainly to refurbishment work at Old Trafford and the Aon Training Complex.

For the year ended 30 June 2018, net capital expenditure on intangible assets was £108.1 million, a decrease of £33.9 million from net expenditure of £142.0 million for the year ended 30 June 2017. Net capital expenditure for the year ended 30 June 2018 was mainly comprised of payments made for the acquisitions of Lindelof, Lukaku, Matic, Mkhitaryan and Pogba, less payments received relating to the disposal of Depay, Di Maria and Schneiderlin. Net capital expenditure for the year ended 30 June 2017 was mainly comprised of payments made for the acquisitions of Pogba, Mkhitaryan, Martial and Di Maria, less payments received relating to the disposal of Di Maria and Schneiderlin.

For the year ended 30 June 2016, net capital expenditure on property, plant and equipment was £5.1 million related mainly to refurbishment work at Old Trafford and the Aon Training Complex. Net capital expenditure on intangible assets was £99.7 million and was mainly comprised of payments made for the acquisitions of Di Maria, Martial and Schneiderlin, less payments received relating to the disposal of Di Maria and Welbeck.

Net cash (used in)/generated from financing activities

Net cash used in financing activities for the year ended 30 June 2018 was £22.4 million, a decrease of £1.3 million compared to net cash used of £23.7 million for the year ended 30 June 2017. During the year ended 30 June 2018, we repaid borrowings of £0.4 million relating to the Alderley facility and paid two semi-annual dividends amounting to £22.0 million in the aggregate.

During the year ended 30 June 2017, we repaid borrowings of £0.4 million relating to the Alderley facility and paid two semi-annual dividends amounting to £23.3 million in the aggregate.

Net cash generated from financing activities for the year ended 30 June 2016 was £20.5 million. During the year ended 30 June 2016, we repaid borrowings of £0.4 million relating to the Alderley facility and paid four quarterly dividends amounting to £20.1 million in the aggregate.

Indebtedness

Our primary sources of indebtedness consist of our secured term loan facility, senior secured notes and revolving credit facility. As part of the collateral for our secured term loan facility, our senior secured notes and our revolving facility, substantially all of our assets are subject to liens and mortgages.

Description of principal indebtedness

Secured term loan facility

Our wholly-owned subsidiary, Manchester United Football Club Limited, has a secured term loan facility with Bank of America Merrill Lynch International Limited as lender. The secured term loan facility was initially borrowed by our wholly-owned finance subsidiary MU Finance plc (now known as MU Finance Limited) and was novated to Manchester United Football Club Limited on 14 June 2018. As of 30 June 2018 the sterling equivalent of £168.3 million (net of unamortized issue costs of £2.2 million) was outstanding. The outstanding principal amount was $225.0 million. We have the option to repay the loan at any time. The remaining balance of the loan is repayable on 26 June 2025.

Loans under the secured term loan facility bear interest at a rate per annum equal to US dollar LIBOR (provided that if the rate is less than zero, LIBOR shall be deemed to be zero) plus the applicable margin. The applicable margin, if no event of default has occurred and is continuing, means the following:

Total net leverage ratio (as defined in the secured term loan facility agreement)	Margin % (per annum)
Greater than 3.5	1.75
Greater than 2.0 but less than or equal to 3.5	1.50
Less than or equal to 2.0	1.25

While any event of default is continuing, the applicable margin shall be the highest level set forth above.

Our secured term loan facility is guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited, MU Finance Limited (formerly known as MU Finance plc) and Manchester United Football Club Limited and secured against substantially all of the assets of those entities. These entities are all wholly owned subsidiaries of Manchester United plc.

The secured term loan facility contains a financial maintenance covenant requiring us to maintain consolidated profit/(loss) for the period before depreciation, amortization of, and profit/(loss) on disposal of, intangible assets, exceptional items, net finance costs, and tax ("EBITDA") of not less than £65 million for each 12 month testing period. We are able to claim certain dispensations from complying with the consolidated EBITDA floor up to twice (in non-consecutive financial years) during the life of the secured term loan facility if we fail to qualify for the first round group stages (or its equivalent from time to time) of the Champions League. The covenant is tested on a quarterly basis and we were in compliance with the covenant for each quarter throughout the financial year.

Our secured term loan facility contains events of default typical in facilities of this type, as well as typical covenants including restrictions on incurring additional indebtedness, paying dividends or making other distributions or repurchasing or redeeming our stock, selling assets, including capital stock of restricted subsidiaries, entering into agreements restricting our subsidiaries' ability to pay dividends, consolidating, merging, selling or otherwise disposing of all or substantially all of our assets, entering into sale and leaseback transactions, entering into transactions with our affiliates and incurring liens. Certain events of default and covenants in the secured term loan facility are subject to certain thresholds and exceptions described in the agreement governing the secured term loan facility.

Senior secured notes

Our wholly-owned finance subsidiary, MU Finance plc (now known as MU Finance Limited), issued $425 million in aggregate principal amount of 3.79% senior secured notes (which we refer to throughout this Annual Report as the "senior secured notes"). The senior secured notes were novated to our wholly-owned subsidiary Manchester United Football Club Limited on 14 June 2018. As of 30 June 2018 the sterling equivalent of £318.3 million (net of unamortized issue costs of £3.8 million) was outstanding. The outstanding principal amount was $425.0 million. The senior secured notes mature on 25 June 2027.

The senior secured notes are guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited and MU Finance Limited (formerly known as MU Finance plc) and are secured against substantially all of the assets of those entities and Manchester United Football Club Limited. These entities are all wholly owned subsidiaries of Manchester United plc.

The note purchase agreement governing the senior secured notes contains a financial maintenance covenant requiring us to maintain consolidated profit/(loss) for the period before depreciation, amortization of, and profit/(loss) on disposal of, intangible assets, exceptional items, net finance costs, and tax ("EBITDA") of not less than £65 million for each 12 month testing period. We are able to claim certain dispensations from complying with the consolidated EBITDA floor up to twice (in non-consecutive financial years) during the life of the senior secured notes if we fail to qualify for the first round group stages (or its equivalent from time to time) of the Champions League. The covenant is tested on a quarterly basis and we were in compliance with the covenant for each quarter throughout the financial year.

The note purchase agreement governing the senior secured notes contains events of default typical for securities of this type, as well as customary covenants and restrictions on the activities of Red Football Limited and each of Red Football Limited's subsidiaries, including, but not limited to, the incurrence of additional indebtedness; dividends or distributions in respect of capital stock or certain other restricted payments or investments; entering into agreements that restrict distributions from restricted subsidiaries; the sale or disposal of assets, including capital stock of restricted subsidiaries; transactions with affiliates; the incurrence of liens; and mergers, consolidations or the sale of substantially all of Red Football Limited's assets. The covenants in the note purchase agreement governing the senior secured notes are subject to certain thresholds and exceptions described in the note purchase agreement governing the senior secured notes.

The senior secured notes may be redeemed in part, in an amount not less than 5% of the aggregate principal amount of the senior secured notes then outstanding, or in full, at any time at 100% of the principal amount plus a "make-whole" premium of an amount equal to the discounted value (based on the US Treasury rate) of the remaining interest payments due on the senior secured notes up to 25 June 2027.

Revolving facility

Our revolving facilities agreement allows MU Finance Limited (formerly known as MU Finance plc) and Manchester United Football Club Limited (or any other direct or indirect subsidiary of Red Football Limited that becomes a borrower thereunder) to borrow up to £125 million, plus (subject to certain conditions) the ability to incur a further £25 million by way of incremental facilities, from a syndicate of lenders with Bank of America Merrill Lynch International Limited as agent and security trustee. As of 30 June 2018, we had no outstanding borrowings and had £125 million (exclusive of capacity under the incremental facilities) in borrowing capacity under our revolving facilities agreement.

Our initial revolving facility is scheduled to expire on 26 June 2021 (although it may be possible for any subsequent incremental facility thereunder to expire at a later date). Any amount still outstanding at that time will be due in full immediately on the applicable expiry date.

Subject to certain conditions, we may voluntarily prepay and/or permanently cancel all or part of the available commitments under the revolving facility by giving not less than three business days' prior notice to the Agent under the facility. Any loan drawn under the revolving facility is required to be repaid on the last day of each of its interest periods. Amounts repaid may (subject to the terms of the revolving facilities agreement) be re-borrowed.

Loans under the revolving facility bear interest at a rate per annum equal to LIBOR (or in relation to a loan in euros, EURIBOR) (provided that if that rate is less than zero, LIBOR or, as the case may be, EURIBOR, shall be deemed to be zero) plus the applicable margin.

The applicable margin if no event of default has occurred and is continuing, it means the following:

Total net leverage ratio (as defined in the revolving facilities agreement)	Margin % (per annum)
Greater than 3.5	1.75
Greater than 2.0 but less than or equal to 3.5	1.50
Less than or equal to 2.0	1.25

While any default is continuing, the applicable margin shall be the highest level set forth above.

A commitment fee is payable on the available but undrawn amount of the revolving facility, at a rate equal to 40% per annum of the applicable margin.

Our revolving facility is guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited, MU Finance Limited (formerly known as MU Finance plc) and Manchester United Football Club Limited and secured against substantially all of the assets of those entities. These entities are all wholly owned subsidiaries Manchester United plc.

In addition to the general covenants described below, the revolving facility contains a financial maintenance covenant requiring us to maintain consolidated EBITDA of not less than £65 million for each 12 month testing period. We are able to claim certain dispensations from complying with the consolidated EBITDA floor up to twice (in non-consecutive financial years) during the life of the revolving facility if we fail to qualify for the first round group stages (or its equivalent from time to time) of the Champions League. In addition, in the event that the financial covenant is not complied with, such non-compliance may also be cured with the cash proceeds of additional shareholder funding or subordinated shareholder funding no later than the end of the period 20 business days following the earlier of the date on which the compliance certificate setting out the calculations in respect of the relevant covenant determination is required to be delivered and the date on which it is delivered under the terms of the revolving facilities agreement, and no equity cures may be made in consecutive financial quarters or on more than four occasions over the life of the revolving facility.

Our revolving facility contains events of default typical in facilities of this type, as well as typical covenants including restrictions on incurring additional indebtedness, paying dividends or making other distributions or repurchasing or redeeming our stock, making investments, selling assets, including capital stock of restricted subsidiaries, entering into agreements restricting our subsidiaries’ ability to pay dividends, consolidating, merging, selling or otherwise disposing of all or substantially all of our assets, entering into sale and leaseback transactions, entering into transactions with our affiliates and incurring liens. Certain events of default and covenants in the revolving facility are subject to certain thresholds and exceptions described in the agreement governing the revolving facility.

Alderley facility

The Alderley facility consists of a bank loan to Alderley Urban Investments Limited, a subsidiary of Manchester United Limited. The loan attracts interest at LIBOR plus 1%. As of 30 June 2018, £3.8 million was outstanding under the Alderley facility. £0.1 million of the loan is repayable in quarterly installments through July 2018, and the remaining balance of £3.7 million is repayable at par on 9 July 2018. The loan is secured against the Manchester International Freight Terminal which is owned by Alderley Urban Investments Limited.

As of 30 June 2018, we were in compliance with all covenants in relation to indebtedness.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

We do not conduct research and development activities.

D. TREND INFORMATION

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events since 30 June 2018 that are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. OFF BALANCE SHEET ARRANGEMENTS

Transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by us if certain specific performance conditions are met. As noted above, we estimate the fair value of any contingent consideration at the date of acquisition based on the probability of conditions being met and monitor this on an ongoing basis. The maximum additional amount that could be payable as of 30 June 2018 is £66.4 million.

Transfer fees receivable

Similarly, under the terms of contracts with other football clubs for player transfers, additional amounts would be payable to us if certain specific performance conditions are met. In accordance with the recognition criteria for contingent assets, such amounts are only disclosed by the Company when probable and recognized when virtually certain. As of 30 June 2018, we believe receipt of £2.4 million to be probable.

Other commitments

In the ordinary course of business, we enter into operating lease commitments and capital commitments. These transactions are recognized in the consolidated financial statements in accordance with IFRS, as issued by the IASB, and are more fully disclosed therein.

As of 30 June 2018, we had not entered into any other off-balance sheet transactions.

F. CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations as of 30 June 2018:

	Less than 1 year	1-3 years	3-5 years	More than five years	Total contractual cash flows[1]	Total per consolidated financial statements
	£’000	£’000	£’000	£’000	£’000	£’000
Long-term debt obligations[2]......	22,449	37,384	37,384	554,448	651,665	495,768
Operating lease obligations[3]......	1,756	2,577	162	3,866	8,361	-
Purchase obligations[4]	259,186	99,991	8,147	191	367,515	354,350
Total...	283,391	139,952	45,693	558,505	1,027,541	850,118

(1) Total contractual cash flows reflect contractual non-derivative financial obligations including interest, operating lease payments, purchase order commitments and capital commitments and therefore differs from the carrying amounts in our consolidated financial statements.

(2) As of 30 June 2018, we had \$225.0 million of our secured term loan facility outstanding and \$425.0 million of our senior secured notes outstanding. Other long-term indebtedness consists of a bank loan to Alderley Urban Investments Limited, a subsidiary of Manchester United Limited. As of 30 June 2018, we had £3.8 million outstanding under the Alderley facility.

(3) We enter into operating leases in the normal course of business. Most lease arrangements provide us with the option to renew the leases at defined terms. The future operating lease obligations would change if we were to exercise these options, or if we were to enter into additional new operating leases. See note 28.1 to our audited consolidated financial statements as of 30 June 2018 and 2017 and for the years ended 30 June 2018, 2017 and 2016 included elsewhere in this Annual Report.

(4) Purchase obligations include current and non-current obligations related to the acquisition of registrations, purchase order commitments and capital commitments. Purchase obligations do not include contingent transfer fees of £66.4 million which are potentially payable by us if certain specific performance conditions are met.

Except as disclosed above and in note 29.2 to our audited consolidated financial statements as of 30 June 2018 and 2017 and for the years ended 30 June 2018, 2017 and 2016 included elsewhere in this Annual Report, as of 30 June 2018, we did not have any material contingent liabilities or guarantees.

G. SAFE HARBOR

See the Section entitled "Forward-Looking Statements" at the beginning of this Annual Report.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The following table lists each of our current executive officers and directors and their respective ages and positions as of the date of this Annual Report.

Name	Age	Position
Avram Glazer	57	Executive Co-Chairman and Director
Joel Glazer	51	Executive Co-Chairman and Director
Edward Woodward	46	Executive Vice Chairman and Director
Richard Arnold	47	Group Managing Director and Director
Cliff Baty	48	Chief Financial Officer and Director
Kevin Glazer	56	Director
Bryan Glazer	53	Director
Darcie Glazer Kassewitz	50	Director
Edward Glazer	48	Director
Robert Leitão	55	Independent Director
Manu Sawhney	51	Independent Director
John Hooks	62	Independent Director

The following is a brief biography of each of our executive officers and directors:

Avram Glazer, aged 57, is Executive Co-Chairman and a Director of the Company. He is currently a director of Red Football Limited and Co-Chairman of Manchester United Limited. Mr. Glazer served as President and Chief Executive Officer of Zapata Corporation, a US public company from March 1995 to July 2009 and Chairman of the board of Zapata Corporation from March 2002 to July 2009. Mr. Glazer received a business degree from Washington University in St. Louis in 1982. He received a law degree from American University, Washington College of Law in 1985.

Joel Glazer, aged 51, is Executive Co-Chairman and a Director of the Company. He is currently a director of Red Football Limited and Co-Chairman of Manchester United Limited. Mr. Glazer is Co-Chairman of the Tampa Bay Buccaneers. Mr. Glazer is a member of the NFL Finance, International and Media Committees. Mr. Glazer graduated from American University in Washington, D.C., in 1989 with a bachelor's degree.

Edward Woodward, aged 46, is Executive Vice Chairman and a Director of the Company. He was appointed to our board of directors on 30 April 2012 and is currently Executive Vice Chairman of Manchester United Limited, having been elected to its board of directors in February 2008. In 2015 he was elected to the board of directors of the European Club Association (ECA) – the sole independent body directly representing football clubs at a European level. He is also a director of UCC SA which is the joint venture between UEFA and ECA which facilitates the direct involvement of the ECA in the running of the Champions League and Europa League. Mr. Woodward represents the Club at meetings of the English Premier League's shareholders. On joining the club in 2005 he initially managed the capital structure of the group and advised on the overall financial business plan. In 2007 he assumed responsibility for the commercial and media operations and developed and implemented a new overall commercial strategy for the Club. This resulted in a new structured approach to commercializing the brand, including developing the sponsorship strategy. Mr. Woodward formerly worked as a senior investment banker within J.P. Morgan's international mergers and acquisitions team between 1999 and 2005. Prior to joining J.P. Morgan, Mr. Woodward worked for PricewaterhouseCoopers LLP in the Accounting and Tax

Advisory department between 1993 and 1999. He received a Bachelor of Science degree in physics from Bristol University in 1993 and qualified for his Chartered Accountancy in 1996.

Richard Arnold, aged 47, is the Group Managing Director and a Director of the Company. In his capacity as Group Managing Director, Mr. Arnold oversees all commercial and operational aspects of the Company. Mr. Arnold also serves as Chairman of the Manchester United Foundation. In his previous role as Commercial Director (until 30 June 2013) he was responsible for the management and growth of the Company's sponsorship business, retail, merchandising, apparel & product licensing business, and digital media business. In this capacity he was nominated for SportBusiness International's Sports innovator of the year list in 2011. Mr. Arnold was previously Deputy Managing Director of InterVoice Ltd responsible for the international channel sales and marketing division of InterVoice Inc., a NASDAQ listed technology company, between 2002 and 2007. He was nominated as a finalist for Young Director of the Year by the United Kingdom Institute of Directors in 2004 and 2005. Prior to InterVoice, he worked at Global Crossing Europe Ltd, a company in the technology sector, on its restructure between 1999 and 2002. Prior to this he was a senior manager in the telecommunications and media practice at PricewaterhouseCoopers LLP from 1993 to 1999, including working on the privatization of the Saudi Telecommunications Corporation and the Initial Public Offering of Orange in the United Kingdom. He received an honors Bachelor of Science degree in biology from Bristol University in 1993 and received his Chartered Accountancy qualification in 1996.

Cliff Baty, aged 48, is the Company's Chief Financial Officer and a Director of the Company. He was appointed to our board of directors on 14 December 2017. He is responsible for managing all aspects of financial reporting and financial control of the Company. Mr. Baty joined Manchester United in 2016. Prior to joining the Company, Mr. Baty served as Chief Financial Officer and member of the board of directors of Sportech plc, a leading pool betting operator and technology supplier, from 2013 to 2016. Prior to Sportech, he worked at Ladbrokes plc from 2006 to 2013 in a number of senior finance roles including Finance Director of its eGaming and International businesses, as well as Ladbrokes businesses in Spain, Italy and South Africa. Before that he was Group Financial Controller of Hilton Group plc from 2004 to 2006. He qualified as a Chartered Accountant with Ernst & Young, where he worked for 10 years. He received a Bachelor of Arts degree in Chemistry from Oriel College, Oxford University in 1992.

Kevin Glazer, aged 56, is a Director of the Company. He is currently a director of Red Football Limited and a director of Manchester United Limited. He is currently the Co-Chairman of First Allied Corporation. Mr. Glazer graduated from Ithaca College in 1984 with a Bachelor of Arts degree.

Bryan Glazer, aged 53, is a Director of the Company. He is currently a director of Red Football Limited and Manchester United Limited. He is the Co-Chairman of the Tampa Bay Buccaneers and also serves on the NFL's Digital Media Committee. Mr. Glazer serves on the board of directors of the Glazer Children's Museum. He received a bachelor's degree from the American University in Washington, D.C., in 1986 and received his law degree from Whittier College School of Law in 1989.

Darcie Glazer Kassewitz, aged 50, is a Director of the Company. She is currently a director of Red Football Limited. Ms. Glazer Kassewitz is the Co-President of the Glazer Family Foundation. She graduated cum laude from the American University in 1990 and received a law degree in 1993 from Suffolk Law School.

Edward Glazer, aged 48, is a Director of the Company. He is currently a non-executive director of Red Football Limited. He is Co-Chairman of the Tampa Bay Buccaneers and Co-Chairman of First Allied Corporation. Mr. Glazer is also the Co-President of the Glazer Family Foundation. Mr. Glazer received a bachelor's degree from Ithaca College in 1992.

Robert Leitão, aged 55, is an Independent Director of the Company. He is joint Managing Partner, Co-Chairman of the Group Executive Committee, and Head of Global Advisory, at Rothschild & Co. Since joining Rothschild & Co as a Director in 1998, Mr. Leitão was appointed Managing Director in 2000, Head of Mergers and Acquisitions in 2001, Head of UK Global Advisory in 2008, and has been a member of the Group Executive Committee since 2010. He was appointed Head of Global Advisory, worldwide, in 2013, and a Managing Partner of Rothschild & Co in 2016. Prior to joining Rothschild & Co, Mr. Leitão was a Director of UK Head of M&A at Morgan Grenfell & Co. Limited. He graduated with a degree in Engineering from Imperial College London in 1984, and qualified as a Chartered Accountant with KPMG in 1987. Mr. Leitão is also Chairman of the Trustees of the not-for-profit digital charity box, Pennies Foundation.

Manu Sawhney, aged 51, is an Independent Director of the Company. With over 26 years of rich experience in the Asian media, entertainment and consumer products industry, Mr. Sawhney most recently served as the Chief Executive Officer of the Singapore Sports Hub, one of the largest sporting Public-Private Partnerships in the world, and the city-state's premier sporting, lifestyle and entertainment destination. Mr. Sawhney previously served as the Managing Director of ESPN STAR

Sports (ESS), a 50:50 joint venture for Asia between ESPN and News Corp, and reported directly to the board of directors. He was responsible for the overall business leadership and P&L of the company across 24 countries in Asia. Mr. Sawhney led ESS's growth and expansion across multiple platforms in various markets across Asia including business expansion in Taiwan, start-up of a new joint venture in South Korea, consolidation of business in China and securing long term strategic partnerships in India, Malaysia, Indonesia and Singapore. Prior to heading ESS's Asia operations, Mr. Sawhney served as the Executive Vice President of Programming/Event Management/Marketing/ Network Presentation, wherein he negotiated and secured various multi-year renewals of key global and regional rights & affiliate deals. Mr. Sawhney also previously served as the Managing Director of ESS's South Asia business based out of India. Before joining ESS, Mr. Sawhney worked for 3 years with ITC Global Holdings based out of Vietnam and India. After completing his engineering degree, Mr. Sawhney worked at Eicher Motors, a leading Indian farm equipment company. Mr. Sawhney holds a Bachelor's degree in Mechanical Engineering from the Birla Institute of Technology & Science, Pilani, India, and received his Masters in International Business from the Indian Institute of Foreign Trade, New Delhi, India. Mr. Sawhney also served on the Steering Committee of the 28th South East Asian Games and is a member of the Young Presidents Organisation (YPO).

John Hooks, aged 62, is an Independent Director of the Company. He has been in the luxury fashion industry for over 35 years and has held positions in some of the sector’s most influential companies. After graduating from Oxford University, he entered the fashion industry through Gruppo Finanziario Tessile (GFT) in Turin, Italy. For three years he was the commercial director for the prêt-à-porter collection of Valentino. From 1988 to 1994, based in Hong Kong, he was responsible for the establishment of GFT’s regional subsidiaries in Japan, South Korea, Taiwan, Hong Kong, Australia as well as in mainland China (in 1988, the first major foreign fashion company to establish a direct presence in that country). From 1995 to 2000 he was Commercial and Regional Director of Jil Sander in Hamburg, Germany. In 2000, Mr. Hooks joined Giorgio Armani as Group Commercial and Marketing Director, considerably expanding the company’s global wholesale and retail network. He was subsequently appointed Deputy Chairman of the Giorgio Armani Group. From 2011 to 2014, he was Group President of Ralph Lauren Europe and Middle East. Mr. Hooks currently works as an independent consultant. He is also a senior adviser to McKinsey & Company and is on the board of Miroglio Fashion S.r.l.

Family Relationships

Our Executive Co-Chairmen and directors Avram Glazer and Joel Glazer, and directors Bryan Glazer, Kevin Glazer, Darcie Glazer Kassewitz and Edward Glazer are siblings.

Arrangements or Understandings

None of our executive officers or directors have any arrangement or understanding with our principal shareholders, customers, suppliers or other persons pursuant to which such executive officer or director was selected as an executive officer or director.

B. COMPENSATION

We set out below the amount of compensation paid and benefits in kind provided by us or our subsidiaries to our directors and members of the executive management for services in all capacities to our Company or our subsidiaries for the 2018 fiscal year, as well as the amount contributed by our Company or our subsidiaries to retirement benefit plans for our directors and members of the executive management board.

Directors and Executive Management Compensation

The compensation for each member of our executive management is comprised of the following elements: base salary, bonus, contractual benefits and pension contributions. The total amount of compensation (including share-based payments) paid or payable and benefits in kind provided to the members of our board of directors and our executive management employees for the fiscal year 2018 was £12,895,000. We do not currently maintain any bonus or profit-sharing plan for the benefit of the members of our executive management, however, certain members of our executive management are eligible to receive annual bonuses (including share-based awards) pursuant to the terms of their service agreements. The total amount set aside or accrued by us to provide pension, retirement or similar benefits to our directors and our executive management employees with respect to the fiscal year 2018 was £20,000.

Employment or Service Agreements

We have entered into written employment or service agreements with each of the members of our executive management, which agreements provide, among other things, for benefits upon a termination of employment. In order to align the interests of our executive management with our shareholders, members of our executive management are eligible to receive annual share-based awards (or cash and share-based awards) pursuant to our 2012 Equity Incentive Award Plan (the "Equity Plan"). The amount of the awards will generally be subject to the discretion of our board of directors and our remuneration committee. In order to encourage retention, the awards are eligible to become vested over a multi-year period following the date of grant. In connection with their receipt of the awards, each member of our executive management will agree to hold a minimum of that number of Class A ordinary shares with a value equal to such member's annual salary for so long as such member is employed by us.

We have not entered into written employment or service agreements with our outside directors, including any member of the Glazer family. However, we may in the future enter into employment or services agreements with such individuals, the terms of which may provide for, among other things, cash or equity based compensation and benefits.

Share-Based Compensation Awards

We currently have one share-based compensation award plan, namely the 2012 Equity Incentive Award Plan, established in 2012 (the "Equity Plan").

The Equity Plan

The principal purpose of the Equity Plan is to attract, retain and motivate selected employees, consultants and non-employee directors through the granting of share-based and cash-based compensation awards. The principal features of the Equity Plan are summarized below.

During the year ended 30 June 2018 certain directors and members of executive management were awarded Class A ordinary shares, pursuant to the Equity Plan. These shares are subject to varying vesting schedules over a multi-year period. The fair value of these shares was the quoted market price on the date of award. Details of the share awards outstanding and therefore potentially issuable as new shares are as follows:

	Number of Class A ordinary shares
Outstanding at beginning of the year	295,913
Awarded during the year	121,408
Forfeited during the year	(2,532)
Vested during the year	(331,636)
Outstanding at the end of the year	83,153

The fair value of shares awarded during the year was $20.42 (£15.48) per share.

Share reserve

Under the Equity Plan, 16,000,000 shares of our Class A ordinary shares are reserved for issuance pursuant to a variety of share-based compensation awards, including share options, share appreciation rights, or SARs, restricted share awards, restricted share unit awards, deferred share awards, deferred share unit awards, dividend equivalent awards, share payment awards and other share-based awards. Of these reserved shares, assuming the above outstanding share awards fully vest, 15,115,703 remain available for issuance as of 4 September 2018.

Administration

The remuneration committee of our board of directors (or other committee as our board of directors may appoint) administers the Equity Plan unless our board of directors assumes authority for administration. Subject to the terms and conditions of the Equity Plan, the administrator has the authority to select the persons to whom awards are to be made, determines the types of awards to be granted, the number of shares to be subject to awards and the terms and conditions of awards, and makes all other determinations and can take all other actions necessary or advisable for the administration of the Equity Plan. The administrator is also authorized to adopt, amend or rescind rules relating to the administration of the Equity Plan. Our board of directors has the authority at all times to remove the remuneration committee (or other applicable committee) as the administrator and reinstate itself as the authority to administer the Equity Plan.

Eligibility

The Equity Plan provides that share options, share appreciation rights ("SARs"), restricted shares and all other awards may be granted to individuals who will then be our non-employee directors, officers, employees or consultants or the non-employee directors, officers, employees or consultants of certain of our subsidiaries.

Awards

The Equity Plan provides that the administrator may grant or issue share options, SARs, restricted shares, restricted share units, deferred shares, deferred share units, dividend equivalents, share payments and other share-based awards, or any combination thereof. Each award will be set forth in a separate agreement with the person receiving the award and will indicate the type, terms and conditions of the award.

- *Share Options* provide for the right to purchase Class A ordinary shares at a specified price, and usually will become exercisable (at the discretion of the administrator) in one or more installments after the grant date, subject to the participant's continued employment or service with us and/or subject to the satisfaction of corporate performance targets and/or individual performance targets established by the administrator.

- *Restricted Shares* may be granted to any eligible individual selected by the administrator and are made subject to such restrictions as may be determined by the administrator. Restricted shares, typically, are forfeited for no consideration or repurchased by us at the original purchase price (if applicable) if the conditions or restrictions on vesting are not met. The Equity Plan provides that restricted shares generally may not be sold or otherwise transferred until the applicable restrictions are removed or expire. Recipients of restricted shares, unlike recipients of share options, have voting rights and have the right to receive dividends, if any, prior to the time when the restrictions lapse; however, extraordinary dividends will generally be placed in escrow, and will not be released until the restrictions are removed or expire.

- *Restricted Share Units* may be awarded to any eligible individual selected by the administrator, typically without payment of consideration, but subject to vesting conditions based on continued employment or service or on performance criteria established by the administrator. The Equity Plan provides that, like restricted shares, restricted share units may not be sold, or otherwise transferred or hypothecated, until vesting conditions are removed or expire. Unlike restricted shares, Class A ordinary shares underlying restricted share units are not issued until the restricted share units have vested, and recipients of restricted share units generally have no voting or dividend rights prior to the time when vesting conditions are satisfied and the Class A ordinary shares are issued.

- *Deferred Share Awards* represent the right to receive Class A ordinary shares on a future date. The Equity Plan provides that deferred shares may not be sold or otherwise hypothecated or transferred until issued. Deferred shares are not issued until the deferred share award has vested, and recipients of deferred shares generally have no voting or dividend rights prior to the time when the vesting conditions are satisfied and the Class A ordinary shares are issued. Deferred share awards generally will be forfeited, and the underlying Class A ordinary shares of deferred shares will not be issued, if the applicable vesting conditions and other restrictions are not met.

- *Deferred Share Unit Awards* may be awarded to any eligible individual selected by the administrator, typically without payment of consideration, but subject to vesting conditions based on continued employment or service or on performance criteria established by the administrator. Each deferred share unit award entitles the holder thereof to receive one share of our Class A ordinary shares on the date the deferred share unit becomes vested or upon a specified settlement date thereafter. The Equity Plan provides that, like deferred shares, deferred share units may not be sold or otherwise hypothecated or transferred until vesting conditions are removed or expire. Unlike deferred shares, deferred share units may provide that Class A ordinary shares in respect of underlying deferred share units will not be issued until a specified date or event following the vesting date. Recipients of deferred share units generally have no voting or dividend rights prior to the time when the vesting conditions are satisfied and the Class A ordinary shares underlying the award have been issued to the holder.

- *Share Appreciation Rights*, or SARs, may be granted in the administrator's discretion separately or in connection with share options or other awards. SARs granted in connection with share options or other awards typically provide for payments to the holder based upon increases in the price of our Class A ordinary shares over a set exercise price. There are no restrictions specified in the Equity Plan on the exercise of SARs or the amount of gain realizable therefrom, although the Equity Plan provides that restrictions may be imposed by the administrator in the SAR agreements. SARs under the Equity Plan may be settled in cash or Class A ordinary shares, or in a combination of both, at the election of the administrator.

- *Dividend Equivalents* represent the value of the dividends, if any, per Class A ordinary share paid by us, calculated with reference to the number of Class A ordinary shares covered by the award. The Equity Plan provides that dividend equivalents may be settled in cash or Class A ordinary shares and at such times as determined by the administrator.

- *Share Payments* are payments made to employees, consultants or non-employee directors in the form of Class A ordinary shares or an option or other right to purchase Class A ordinary shares. Share payments may be made as part of a bonus, deferred compensation or other arrangement and may be subject to a vesting schedule, including vesting upon the attainment of performance criteria, in which case the share payment will not be made until the vesting criteria have been satisfied. Share payments may be made in lieu of cash compensation that would otherwise be payable to the employee, consultant or non-employee director or share payments may be made as a bonus payment in addition to compensation otherwise payable to such individuals.

Change in control

The Equity Plan provides that the administrator may, in its discretion, provide that awards issued under the Equity Plan are subject to acceleration, cash-out, termination, assumption, substitution or conversion of such awards in the event of a change in control or certain other unusual or nonrecurring events or transactions. In addition, the administrator also has complete discretion to structure one or more awards under the Equity Plan to provide that such awards become vested and exercisable or payable on an accelerated basis in the event such awards are assumed or replaced with equivalent awards but the individual's service with us or the acquiring entity is subsequently terminated within a designated period following the change in control event. A change in control event under the Equity Plan is generally defined as a merger, consolidation, reorganization or business combination in which we are involved, directly or indirectly (other than a merger, consolidation, reorganization or business combination which results in our outstanding voting securities immediately before the transaction continuing to represent a majority of the voting power of the acquiring company's outstanding voting securities) after which a person or group (other than our existing equity-holders) beneficially owns more than 50% of the outstanding voting securities of the surviving entity immediately after the transaction, or the sale, exchange or transfer of all or substantially all of our assets.

Adjustments of awards

In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off, recapitalization, distribution of our assets to shareholders (other than normal cash dividends) or any other corporate event affecting the number of outstanding Class A ordinary shares in our capital or the share price of our Class A ordinary shares that would require adjustments to the Equity Plan or any awards under the Equity Plan in order to prevent the dilution or enlargement of the potential benefits intended to be made available thereunder, the Equity Plan provides that the administrator may make equitable adjustments, as determined in its discretion, to the aggregate number and type of shares subject to the Equity Plan, the number and kind of shares subject to outstanding awards and the terms and conditions of outstanding awards (including, without limitation, any applicable performance targets or criteria with respect to such awards), and the grant or exercise price per share of any outstanding awards under the Equity Plan.

Amendment and termination

The Equity Plan provides that our board of directors or the remuneration committee (with the approval of the board of directors) may terminate, amend or modify the Equity Plan at any time and from time to time. However, the Equity Plan generally requires us to obtain shareholder approval to the extent required by applicable law, rule or regulation (including any applicable stock exchange law), including in connection with any amendments to increase the number of shares available under the Equity Plan (other than in connection with certain corporate events, as described above).

Securities laws

The Equity Plan is designed to comply with all applicable provisions of the Securities Act and the Exchange Act and, to the extent applicable, any and all regulations and rules promulgated by the SEC thereunder. The Equity Plan is administered, and stock options will be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. On 13 August 2012, we filed with the SEC a registration statement on Form S-8 covering Class A ordinary shares issuable under the Equity Plan.

UK Subplan

Our board of directors approved the 2012 UK Company Share Option UK Sub-Plan on 10 September 2013. This is a sub-plan to the Equity Plan which allows for the grant of stock options in a tax efficient manner to employees who are UK residents. It derives its powers and authority from the Equity Plan and does not create any enhanced or additional rights. This sub-plan does not increase the share reserve under the Equity Plan.

C. BOARD PRACTICES

Board of directors

We currently have 12 directors, three of whom are independent directors, on our board of directors. Any director on our board may be removed by way of an ordinary resolution of shareholders or by our shareholders holding a majority of the voting power of our outstanding ordinary shares by notice in writing to the Company. Any vacancies on our board of directors or additions to the existing board of directors can be filled by our shareholders holding a majority of the voting power of our outstanding ordinary shares by notice in writing to the Company. Each of our directors holds office until he resigns or is recused from office as discussed above.

Committees of the Board of directors and Corporate Governance

Our board of directors has established an audit committee and a remuneration committee. The composition and responsibilities of each committee are described below. Members will serve on these committees until their resignation or until otherwise determined by our board of directors. In the future, our board of directors may establish other committees, as it deems appropriate, to assist with its responsibilities.

Audit committee

Our audit committee consists of Messrs. Robert Leitão, Manu Sawhney and John Hooks. Our board of directors determined that Messrs. Robert Leitão, Manu Sawhney and John Hooks satisfy the “independence” requirements set forth in Rule 10A-3 under the Exchange Act. Mr. Robert Leitão acts as chairman of our audit committee and satisfies the criteria of an audit committee financial expert as set forth under the applicable rules of the Exchange Act. A copy of our audit committee charter is available on our website. The inclusion of our website in this Annual Report does not include or incorporate by reference the information on our website into this Annual Report. The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. The audit committee is responsible for, among other things:

- selecting our independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by our independent registered public accounting firm;
- reviewing with our independent registered public accounting firm any audit issues or difficulties and management’s response;
- discussing the annual audited financial statements with management and our independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of significant control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time; and
- meeting separately and periodically with management, our internal auditors and our independent registered public accounting firm.

Remuneration committee

Our remuneration committee consists of Messrs. Joel Glazer, Avram Glazer and Robert Leitão. Mr. Joel Glazer is the chairman of our remuneration committee. A copy of our remuneration committee charter is available on our website. The inclusion of our website in this Annual Report does not include or incorporate by reference the information on our website into this Annual Report. The remuneration committee is responsible for, among other things:

- determining the levels of remuneration for each of our executive officers and directors; however, no member of the remuneration committee will participate in decisions relating to his or her remuneration;

- establishing and reviewing the objectives of our management compensation programs and compensation policies;
- reviewing and approving corporate goals and objectives relevant to the remuneration of senior management, including annual and long-term performance goals and objectives;
- evaluating the performance of members of senior management and recommending and monitoring the remuneration of members of senior management; and
- reviewing, approving and recommending the adoption of any equity-based or non-equity based compensation plan for our employees or consultants and administering such plan.

We have availed ourselves of certain exemptions afforded to foreign private issuers under New York Stock Exchange rules, which exempt us from the requirement that we have a remuneration committee composed entirely of independent directors.

D. EMPLOYEES

Employees

The average monthly number of employees during the years ended 30 June 2018, 2017 and 2016, including directors, was as follows:

	2018 Number	2017 Number	2016 Number
Average number of employees:			
Football—players	81	74	74
Football—technical and coaching	165	136	94
Commercial	121	120	111
Media	87	90	94
Administration and other	468	445	426
Average monthly number of employees	922	865	799

We are not a signatory to any labor union collective bargaining agreement. We also engaged approximately 3,858, 2,053 and 2,124 temporary employees in fiscal years 2018, 2017 and 2016, respectively, on a regular basis to perform, among other things, catering, security, ticketing, hospitality and marketing services during Matchdays at Old Trafford. Compensation to full-time and temporary employees is accounted for in our employee benefit expenses.

E. SHARE OWNERSHIP

The following table shows the number of shares owned by our directors and members of our executive management as of 4 September 2018:

	Class A Ordinary Shares	%	Class B Ordinary Shares	%	% of Total Voting Power(1)
Avram Glazer(2)	707,613	1.75%	20,899,366	16.85%	16.38%
Joel Glazer(3)	1,707,614	4.21%	20,899,366	16.85%	16.45%
Edward Woodward	(*)	(*)	—	—	(*)
Richard Arnold	(*)	(*)	—	—	(*)
Cliff Baty	(*)	(*)	—	—	(*)
Kevin Glazer(4)	—	—	20,899,366	16.85%	16.32%
Bryan Glazer(5)	—	—	20,899,365	16.85%	16.32%
Darcie Glazer Kassewitz(6)	603,806	1.49%	20,899,365	16.85%	16.37%
Edward Glazer(7)	—	—	19,503,172	15.73%	15.23%
Robert Leitão	—	—	—	—	—
Manu Sawhney	—	—	—	—	—
John Hooks	—	—	—	—	—

(1) Percentage of total voting power represents voting power with respect to all of our Class A and Class B ordinary shares, as a single class. The holders of our Class B ordinary shares are entitled to 10 votes per share, and holders of our Class A ordinary shares are entitled to one vote per share.

(2) Shares owned by Avram Glazer Irrevocable Exempt Trust, of which Avram Glazer is the sole trustee, and AAGT Holdings LLC, of which Avram Glazer Irrevocable Exempt Trust is the sole member.
(3) Shares owned by Joel M. Glazer Irrevocable Exempt Trust, of which Joel Glazer is the sole trustee, and JMGT Holdings LLC, of which Joel M. Glazer Irrevocable Exempt Trust is the sole member.
(4) Shares owned by Kevin Glazer Irrevocable Exempt Family Trust, of which Kevin Glazer is the sole trustee, and KEGT Holdings LLC, of which Kevin Glazer Irrevocable Exempt Family Trust is the sole member.
(5) Shares owned by Bryan G. Glazer Irrevocable Exempt Trust, of which Bryan Glazer is the sole trustee, and BGGT Holdings LLC, of which Bryan G. Glazer Irrevocable Exempt Trust is the sole member.
(6) Shares owned by Darcie S. Glazer Irrevocable Exempt Trust, of which Darcie Glazer Kassewitz is the sole trustee, and DSGT Holdings LLC, of which Darcie S. Glazer Irrevocable Exempt Trust is the sole member.
(7) Shares owned by Edward S. Glazer Irrevocable Exempt Trust, of which Edward Glazer is the sole trustee, and ESGT Holdings LLC, of which Edward S. Glazer Irrevocable Exempt Trust is the sole member.
(*) These directors and members of our executive management individually own less than 1% of our Class A ordinary shares.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table shows our major shareholders (shareholders that are beneficial owners of 5% or more of each class of the Company's voting shares) as of 4 September 2018, based on notifications made to the Company or public filings:

	Class A Ordinary Shares	%	Class B Ordinary Shares	%	% of Total Voting Power[1]
Baron Capital Group, Inc.	14,297,879	35.28%	—	—	1.12%
Lindsell Train Limited	7,737,017	19.09%	—	—	0.60%
Lansdowne Partners Limited	4,941,440	12.19%	—	—	0.39%
Jupiter Asset Management Limited	2,836,210	7.00%	—	—	0.22%
Avram Glazer[2]	707,613	1.75%	20,899,366	16.85%	16.38%
Joel M. Glazer[3]	1,707,614	4.21%	20,899,366	16.85%	16.45%
Kevin Glazer[4]	—	—	20,899,366	16.85%	16.32%
Bryan G. Glazer[5]	—	—	20,899,365	16.85%	16.32%
Darcie S. Glazer[6]	603,806	1.49%	20,899,365	16.85%	16.37%
Edward S. Glazer [7]	—	—	19,503,172	15.73%	15.23%

(1) Percentage of total voting power represents voting power with respect to all of our Class A and Class B ordinary shares, as a single class. The holders of our Class B ordinary shares are entitled to 10 votes per share, and holders of our Class A ordinary shares are entitled to one vote per share.
(2) Shares owned by Avram Glazer Irrevocable Exempt Trust, of which Avram Glazer is the sole trustee, and AAGT Holdings LLC, of which Avram Glazer Irrevocable Exempt Trust is the sole member.
(3) Shares owned by Joel M. Glazer Irrevocable Exempt Trust, of which Joel Glazer is the sole trustee, and JMGT Holdings LLC, of which Joel M. Glazer Irrevocable Exempt Trust is the sole member.
(4) Shares owned by Kevin Glazer Irrevocable Exempt Family Trust, of which Kevin Glazer is the sole trustee, and KEGT Holdings LLC, of which Kevin Glazer Irrevocable Exempt Family Trust is the sole member.
(5) Shares owned by Bryan G. Glazer Irrevocable Exempt Trust, of which Bryan Glazer is the sole trustee, and BGGT Holdings LLC, of which Bryan G. Glazer Irrevocable Exempt Trust is the sole member.
(6) Shares owned by Darcie S. Glazer Irrevocable Exempt Trust, of which Darcie Glazer Kassewitz is the sole trustee, and DSGT Holdings LLC, of which Darcie S. Glazer Irrevocable Exempt Trust is the sole member.
(7) Shares owned by Edward S. Glazer Irrevocable Exempt Trust, of which Edward Glazer is the sole trustee, and ESGT Holdings LLC, of which Edward S. Glazer Irrevocable Exempt Trust is the sole member.

Since 4 September 2015, the only significant changes of which we have been notified in the percentage ownership of our shares by our major shareholders described above were that:

- on 8 January 2016, Lansdowne Partners (UK) LLP made a public filing that it held 4,941,440 of our Class A ordinary shares, representing 0.39% of total voting power;
- on 12 February 2016, FMR LLC made a public filing that it held 2,912,144 of our Class A ordinary shares, representing 0.23% of total voting power;
- on 12 February 2016, Jupiter Asset Management Limited made a public filing that it held 2,723,839 of our Class A ordinary shares, representing 0.21% of total voting power;
- on 12 February 2016, Red Football LLC made a public filing that it held 8,019,033 of our Class A ordinary shares and 85,000,000 of our Class B ordinary shares, representing 67.03% of total voting power;

- on 16 February 2016, Baron Capital Group Inc. made a public filing that it held 15,748,438 of our Class A ordinary shares, representing 1.23% of total voting power;
- on 10 August 2016, Jupiter Asset Management Limited made a public filing that it held 2,806,959 of our Class A ordinary shares, representing 0.22% of total voting power;
- on 11 August 2016, FMR LLC made a public filing that it held 2,436,475 of our Class A ordinary shares, representing 0.19% of total voting power;
- on 15 August 2016, Baron Capital Group Inc. made a public filing that it held 15,089,806 of our Class A ordinary shares, representing 1.18% of total voting power;
- on 2 February 2017, Jupiter Asset Management Limited made a public filing that it held 2,768,764 of our Class A ordinary shares, representing 0.22% of total voting power;
- on 14 February 2017, Baron Capital Group Inc. made a public filing that it held 14,622,085 of our Class A ordinary shares, representing 1.14% of total voting power;
- on 10 August 2017, FMR LLC made a public filing that it no longer held any of our Class A ordinary shares;
- on 11 August 2017, Jupiter Asset Management Limited made a public filing that it held 2,779,723 of our Class A ordinary shares, representing 0.22% of total voting power;
- on 30 August 2017, Avram Glazer Irrevocable Exempt Trust made a public filing that it held 9,410,375 of our Class B ordinary shares, representing 35.5% of total voting power;
- on 30 August 2017, Joel M. Glazer Irrevocable Exempt Trust made a public filing that it held 10,410,376 of our Class B ordinary shares, representing 37.1% of total voting power;
- on 30 August 2017, Kevin Glazer Irrevocable Exempt Family Trust made a public filing that it held 16,311,894 of our Class B ordinary shares, representing 34.3% of total voting power;
- on 30 August 2017, Bryan G. Glazer Irrevocable Exempt Trust made a public filing that it held 15,349,034 of our Class B ordinary shares, representing 34.3% of total voting power;
- on 30 August 2017, Darcie S. Glazer Irrevocable Exempt Trust made a public filing that it held 18,514,274 of our Class B ordinary shares, representing 35.3% of total voting power;
- on 30 August 2017, Edward S. Glazer Irrevocable Exempt Trust made a public filing that it held 11,055,706 of our Class B ordinary shares, representing 32.8% of total voting power;
- on 30 August 2017, AAGT Holdings LLC made a public filing that it held 707,613 of our Class A ordinary shares and 11,488,991 of our Class B ordinary shares, representing 23.7% of total voting power;
- on 30 August 2017, JMGT Holdings LLC made a public filing that it held 1,707,614 of our Class A ordinary shares and 10,488,990 of our Class B ordinary shares, representing 24.1% of total voting power;
- on 30 August 2017, KEGT Holdings LLC made a public filing that it held 4,587,472 of our Class B ordinary shares, representing 10.3% of total voting power;
- on 30 August 2017, BGGT Holdings LLC made a public filing that it held 5,550,331 of our Class B ordinary shares, representing 12.2% of total voting power;
- on 30 August 2017, DSGT Holdings LLC made a public filing that it held 2,385,091 of our Class B ordinary shares, representing 7.0% of total voting power;
- on 30 August 2017, ESGT Holdings LLC made a public filing that it held 8,447,466 of our Class B ordinary shares, representing 17.4% of total voting power;
- on 30 August 2017, Red Football LLC made a public filing that it no longer held any of our Class A or Class B ordinary shares;
- on 7 September 2017, Lindsell Train Limited made a public filing that it held 7,446,852 of our Class A ordinary shares, representing 0.58% of total voting power;
- on 13 February 2018, Lindsell Train Limited made a public filing that it held 7,737,017 of our Class A ordinary shares, representing 0.60% of total voting power;
- on 14 February 2018, Baron Capital Group, Inc. made a public filing that it held 14,297,879 of our Class A ordinary shares, representing 1.12% of total voting power; and
- on 14 February 2018, Jupiter Asset Management Ltd. made a public filing that it held 2,836,210 of our Class A ordinary shares, representing 0.22% of total voting power.

US Resident Shareholders of Record

As a number of our shares are held in book-entry form, we are not aware of the identity of all our shareholders. As of 4 September 2018, we had 40,495,317 Class A ordinary shares held by 2,918 US resident shareholders of record, representing approximately 3.16% of total voting power and 124,000,000 Class B ordinary shares held by 12 US resident shareholders of record, representing approximately 96.84% of total voting power.

Shareholders' Arrangements

As of 4 September 2018, the Company was not aware of any shareholders' arrangements which may result in a change of control of the Company.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Consolidated Financial Statements

See "Item 18. Financial Statements."

Legal and Arbitration Proceedings

There have been no governmental, judicial or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) during the period between 1 July 2015 and the date of this Annual Report which may have, or have had in the recent past, significant effects on our financial position and profitability.

Dividend Policy

In fiscal year 2018, we paid two semi-annual cash dividends on our Class A ordinary shares and Class B ordinary shares of $0.09 per share. We currently intend to continue paying regular semi-annual cash dividends on our Class A ordinary shares and Class B ordinary shares of $0.09 per share from our operating cash flows. The declaration and payment of any future dividends, however, will be at the sole discretion of our board of directors or a committee thereof based on its consideration of numerous factors, including our operating results, financial condition and anticipated capital requirements, in addition to the various other considerations discussed below.

If we do pay a cash dividend on our Class A ordinary shares and Class B ordinary shares in the future, we will pay such dividend out of our profits or share premium (subject to solvency requirements) as permitted under Cayman Islands law. Our board of directors has complete discretion regarding the declaration and payment of dividends, and the holders of our Class B ordinary shares will be able to influence our dividend policy.

The decision by our board of directors (or a committee thereof) to declare and pay dividends in the future and the amount of any future dividend payments we may make will depend on, among other factors, our strategy, future earnings, financial condition, cash flow, working capital requirements, capital expenditures and applicable provisions of our amended and restated memorandum and articles of association. Any profits or share premium we declare as dividends will not be available to be reinvested in our operations. Moreover, we are a holding company that does not conduct any business operations of our own. As a result, we are dependent upon cash dividends, distributions and other transfers from our subsidiaries to make dividend payments, and the terms of our subsidiaries' debt and other agreements restrict the ability of our subsidiaries to make dividends or other distributions to us. Specifically, pursuant to the our revolving facility, our secured term loan facility and the note purchase agreement governing our senior secured notes, there are restrictions on our subsidiaries' ability to distribute dividends to us, and dividend distributions by our subsidiaries are the principal means by which we would have the necessary funds to pay dividends on our Class A ordinary shares and Class B ordinary shares for the foreseeable future. See "Item 5. Operating and Financial Review and Prospects - B. Liquidity and Capital Resources — Indebtedness." As a consequence of these limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our Class A ordinary shares and Class B ordinary shares.

Any dividends we declare in the future on our ordinary shares will be in respect of both our Class A ordinary shares and Class B ordinary shares, and will be distributed such that a holder of one of our Class B ordinary shares will receive the same amount of the dividends that are received by a holder of one of our Class A ordinary shares. We will not declare any dividend with respect to the Class A ordinary shares without declaring a dividend on the Class B ordinary shares, and vice versa.

B. SIGNIFICANT CHANGES

Registrations

The playing registrations of certain footballers have been disposed of, subsequent to 30 June 2018, for total proceeds, net of associated costs, of £19,920,000. The associated net book value was £1,297,000. Also subsequent to 30 June 2018, Solidarity contributions, sell-on fees and contingent consideration totalling £3,557,000 became receivable in respect of previous playing registration disposals.

Subsequent to 30 June 2018 the playing registrations of certain players were acquired or extended for a total consideration, including associated costs, of £2,388,000. Also subsequent to 30 June 2018, sell-on fees and contingent consideration totalling £520,000, became payable in respect of previous playing registration acquisitions. Payments are due within the next 5 years.

ITEM 9. THE OFFER AND LISTING

Price History of Stock

Ordinary shares listed on the New York Stock Exchange

Our shares were approved for listing on the New York Stock Exchange on 10 August 2012. Prior to this listing, no public market existed for our ordinary shares. The table below shows the quoted high and low closing sales prices in US dollars on the New York Stock Exchange for our shares for the indicated periods.

	Per Share	
	High	**Low**
	(in USD)	
Annual		
FY 2018	21.85	16.00
FY 2017	17.80	14.20
FY 2016	18.99	13.30
FY 2015	19.63	14.78
FY 2014	18.78	14.47
Quarterly		
FY 2019		
First Quarter (through 4 September 2018)	26.20	20.55
FY2018		
First Quarter	18.00	16.00
Second Quarter	21.15	17.80
Third Quarter	21.00	18.65
Fourth Quarter	21.85	18.50
FY2017		
First Quarter	17.32	15.49
Second Quarter	17.04	14.20
Third Quarter	17.35	14.70
Fourth Quarter	17.80	16.05
Monthly		
2018		
March	20.00	18.65
April	19.85	18.50
May	21.10	18.80
June	21.85	20.45
July	21.50	20.60
August	26.20	20.55
September (through 4 September 2018)	25.90	25.90

Markets

We are incorporated under the Companies Law (2011 Revision) of the Cayman Islands, as amended and restated from time to time and our shares are listed on the New York Stock Exchange under the symbol "MANU". As of 4 September 2018 we had 164,526,390 ordinary shares listed (comprising 40,526,390 Class A ordinary shares and 124,000,000 Class B ordinary shares).

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION AND OTHER SHARE INFORMATION

A copy of our amended and restated memorandum and articles of association is attached as Exhibit 1.1 to this Annual Report. The information called for by this Item has been reported previously in our Registration Statement on Form F-1 (File No. 333-182535), filed with the SEC on 3 July 2012, as amended, under the heading "Description of Share Capital," and is incorporated by reference into this Annual Report.

C. MATERIAL CONTRACTS

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we are or have been a party, for the two years immediately preceding the date of this Annual Report:

- *Agreement*, dated 19 May 2008, between The Royal Bank of Scotland plc, as agent for National Westminster Bank plc, and Alderley Urban Investments. A copy of the Agreement is included as Exhibit 4.1 to this Annual Report.
- *Third Amendment and Restatement Agreement relating to the Secured Term Facility*, dated June 14, 2018, among Red Football Limited, MU Finance plc (now known as MU Finance Limited), Manchester United Football Club Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender. A copy of the Agreement is included as Exhibit 4.2 to this Annual Report.
- *Accession Deed to Secured Term Facility*, dated June 14, 2018, from Manchester United Football Club Limited and Red Football Limited to Bank of America Merrill Lynch International Limited, as Agent. A copy of the Agreement is included as Exhibit 4.3 to this Annual Report.
- *New Revolving Facilities Agreement*, dated 22 May 2015, among Red Football Limited, MU Finance plc (now known as MU Finance Limited), the guarantors party thereto, Bank of America, N.A., as Arranger, the Original Lenders named therein, and Bank of America Merrill Lynch International Limited, as Agent and Security Trustee. A copy of the Agreement is included as Exhibit 4.4 to this Annual Report.
- *Revolving Facilities Amendment Letter,* dated 7 October 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender. A copy of the Agreement is included as Exhibit 4.5 to this Annual Report.
- *Accession Deed to Revolving Facilities Agreement*, dated June 14, 2018, from Manchester United Football Club Limited and Red Football Limited to Bank of America Merrill Lynch International Limited, as Agent. A copy of the Agreement is included as Exhibit 4.6 to this Annual Report.
- *Note Purchase Agreement,* dated 27 May 2015, among MU Finance plc (now known as MU Finance Limited), the guarantors party thereto, the purchasers listed therein and the Bank of New York Mellon, as Paying Agent. A copy of the Agreement is included as Exhibit 4.7 to this Annual Report.
- *Amendment No. 1 to Note Purchase Agreement, and Consent No. 1*, dated June 14, 2018, among MU Finance plc (now known as MU Finance Limited), the guarantors party thereto, the noteholders listed on the signature pages thereto and the Bank of New York Mellon, as Paying Agent. A copy of the Agreement is included as Exhibit 4.8 to this Annual Report.
- 2012 Equity Incentive Award Plan. A copy of the Plan is included as Exhibit 4.10 to this Annual Report.
- *Premier League Handbook, Season 2017/18.* As a member of the Football Association Premier League, we are subject to the terms of the Premier League Handbook, Season 2017/18. A copy of the Handbook is included as Exhibit 4.11 to this Annual Report.
- *Premier League Handbook, Season 2018/19.* As a member of the Football Association Premier League, we are subject to the terms of the Premier League Handbook, Season 2018/19. A copy of the Handbook is included as Exhibit 4.12 to this Annual Report.

D. EXCHANGE CONTROLS

There are no Cayman Islands exchange control regulations that would affect the import or export of capital or the remittance of dividends, interest or other payments to non-resident holders of our shares.

E. TAXATION

The following is a summary of material US federal income tax consequences relevant to US Holders and Non-US Holders (each as defined below) acquiring, holding and disposing of the Company's Class A ordinary shares. This summary is based on the Code, final, temporary and proposed US Treasury regulations and administrative and judicial interpretations in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. Furthermore, we can provide no assurance that the tax consequences contained in this summary will not be challenged by the Internal Revenue Service (the "IRS") or will be sustained by a court if challenged.

This summary does not discuss all aspects of US federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules, including without limitation the following, all of whom may be subject to tax rules that differ significantly from those summarized below:

- financial institutions;
- insurance companies;
- dealers in stocks, securities, or currencies or notional principal contracts;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt organizations;
- partnerships and other pass-through entities, or persons that hold Class A ordinary shares through pass-through entities;
- investors that hold Class A ordinary shares as part of a straddle, conversion, constructive sale or other integrated transaction for US federal income tax purposes;
- US holders that have a functional currency other than the US dollar;
- US expatriates and former long-term residents of the United States;
- "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; and
- persons subject to special tax accounting rules as a result of any item of income relating to our Class A ordinary shares being taken into account in an applicable financial statement.

This summary does not address alternative minimum tax consequences or non-income tax consequences, such as estate or gift tax consequences, and does not address state, local or non-US tax consequences. This summary only addresses investors that hold our Class A ordinary shares and not Class B ordinary shares, and it assumes that investors hold their Class A ordinary shares as capital assets (generally, property held for investment).

For purposes of this summary, a "US Holder" is a beneficial owner of the Company's Class A ordinary shares that is, for US federal income tax purposes:

- an individual who is a citizen or resident of the United States,
- a corporation created in, or organized under the laws of, the United States, any state thereof or the District of Columbia,
- an estate the income of which is includible in gross income for US federal income tax purposes regardless of its source, or
- a trust that (i) is subject to the primary supervision of a US court and the control of one or more US persons or (ii) has a valid election in effect under applicable Treasury regulations to be treated as a US person.

A "Non-US Holder" is a beneficial owner of the Company's Class A ordinary shares that is not a US Holder.

If an entity or other arrangement treated as a partnership for US federal income tax purposes holds the Company's Class A ordinary shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships considering an investment in the Class A ordinary shares are encouraged to consult their tax advisors regarding the tax consequences of the ownership and disposition of Class A ordinary shares.

Treatment of the Company as a Domestic Corporation for US Federal Income Tax Purposes

Even though the Company is organized as a Cayman Islands exempted company, due to the circumstances of its formation and the application of Section 7874 of the Code, the Company reports as a domestic corporation for US federal income tax purposes. This has implications for all shareholders; the Company is subject to US federal income tax as if it were a US corporation, and distributions made by the Company are generally treated as US-source dividends as described below and generally subject to US dividend withholding tax.

US Holders

Distributions

Distributions made by the Company in respect of its Class A ordinary shares will be treated as US-source dividends includible in the gross income of a US Holder as ordinary income to the extent of the Company's current and accumulated earnings and profits, as determined under US federal income tax principles. To the extent the amount of a distribution exceeds the Company's current and accumulated earnings and profits, the distribution will be treated first as a non-taxable return of capital to the extent of a US Holder's adjusted tax basis in the Class A ordinary shares and thereafter as gain from the sale of such shares. Subject to applicable limitations and requirements, dividends received on the Class A ordinary shares generally should be eligible for the "dividends received deduction" available to corporate shareholders. A dividend paid by the Company to a non-corporate US Holder generally will be eligible for preferential rates if certain holding period requirements are met.

The US dollar value of any distribution made by the Company in foreign currency will be calculated by reference to the exchange rate in effect on the date of the US Holder's actual or constructive receipt of such distribution, regardless of whether the foreign currency is in fact converted into US dollars. If the foreign currency is converted into US dollars on such date of receipt, the US Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency is not converted into US dollars on the date of receipt, such US Holder will have a basis in the foreign currency equal to its US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other taxable disposition of the foreign currency generally will be US-source ordinary income or loss to such US Holder.

Sale or other disposition

A US Holder will recognize gain or loss for US federal income tax purposes upon a sale or other taxable disposition of its Class A ordinary shares in an amount equal to the difference between the amount realized from such sale or disposition and the US Holder's adjusted tax basis in the Class A ordinary shares. A US Holder's adjusted tax basis in the Class A ordinary shares generally will be the US Holder's cost for the shares. Any such gain or loss generally will be US-source capital gain or loss and will be long-term capital gain or loss if, on the date of sale or disposition, such US Holder held the Class A ordinary shares for more than one year. Long-term capital gains derived by non-corporate US Holders are eligible for taxation at reduced rates. The deductibility of capital losses is subject to significant limitations.

Information reporting and backup withholding

Payments of dividends on or proceeds arising from the sale or other taxable disposition of Class A ordinary shares generally will be subject to information reporting and backup withholding if a US Holder (i) fails to furnish such US Holder's correct US taxpayer identification number (generally on IRS Form W-9), (ii) furnishes an incorrect US taxpayer identification number, (iii) is notified by the IRS that such US Holder has previously failed to properly report items subject to backup withholding, or (iv) fails to certify under penalty of perjury that such US Holder has furnished its correct US taxpayer identification number and that the IRS has not notified such US Holder that it is subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a credit against a US Holder's US federal income tax liability or will be refunded, if the US Holder furnishes the required information to the IRS in a timely manner.

Non-US Holders

Distributions

Subject to the discussion under " — Foreign Account Tax Compliance Act" below, distributions treated as dividends (see " — US Holders — Distributions" above) by the Company to Non-US Holders will be subject to US federal withholding tax at a 30% rate, except as may be provided by an applicable income tax treaty. To obtain a reduced rate of US federal withholding under an applicable income tax treaty, a Non-US Holder will be required to certify its entitlement to benefits under the treaty, including eligibility under the Limitation on Benefits provision in a given treaty (for non-individuals), generally on a properly completed IRS Form W-8BEN or W-8BEN-E, as applicable.

However, dividends that are effectively connected with a Non-US Holder's conduct of a trade or business within the United States and, where required by an income tax treaty, are attributable to a permanent establishment or fixed base of the Non-US Holder, are not subject to the withholding tax described in the previous paragraph, but instead are subject to US federal net income tax at graduated rates, provided the Non-US Holder complies with applicable certification and disclosure requirements, generally by providing a properly completed IRS Form W-8ECI. Non-US Holders that are corporations may also be subject to an additional branch profits tax at a 30% rate, except as may be provided by an applicable income tax treaty.

Sale or other disposition

Subject to the discussion under " — Foreign Account Tax Compliance Act" below, a Non-US Holder will not be subject to US federal income tax in respect of any gain on a sale or other disposition of the Class A ordinary shares unless:

- the gain is effectively connected with the Non-US Holder's conduct of a trade or business within the United States and, where required by an income tax treaty, is attributable to a permanent establishment or fixed base of the Non-US Holder;
- the Non-US Holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met; or
- the Company is or has been a "US real property holding corporation" during the shorter of the five-year period preceding the disposition and the Non-US Holder's holding period for the Class A ordinary shares.

Non-US Holders described in the first bullet point above will be subject to tax on the net gain derived from the sale under regular graduated US federal income tax rates and, if they are foreign corporations, may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Non-US Holders described in the second bullet point above will be subject to a flat 30% tax on any gain derived on the sale or other taxable disposition, which gain may be offset by certain US-source capital losses. The Company believes it is not, and does not currently anticipate becoming, a "US real property holding corporation" for US federal income tax purposes.

Information reporting and backup withholding

Generally, the Company must report annually to the IRS and to Non-US Holders the amount of distributions made to Non-US Holders and the amount of any tax withheld with respect to those payments. Copies of the information returns reporting such distributions and withholding may also be made available to the tax authorities in the country in which a Non-US Holder resides under the provisions of an applicable income tax treaty or tax information exchange agreement.

A Non-US Holder will generally not be subject to backup withholding with respect to payments of dividends, provided the Company receives a properly completed statement to the effect that the Non-US Holder is not a US person and the Company does not have actual knowledge or reason to know that the holder is a US person. The requirements for the statement will be met if the Non-US Holder provides its name and address and certifies, under penalties of perjury, that it is not a US person (which certification may generally be made on IRS Form W-8BEN or W-8BEN-E) or if a financial institution holding the Class A ordinary shares on behalf of the Non-US Holder certifies, under penalties of perjury, that such statement has been received by it and furnishes the Company or its paying agent with a copy of the statement.

Except as described below under " — Foreign Account Tax Compliance Act", the payment of proceeds from a disposition of Class A ordinary shares to or through a non-US office of a non-US broker will not be subject to information reporting or backup withholding unless the non-US broker has certain types of relationships with the United States. In the case of a payment of proceeds from the disposition of Class A ordinary shares to or through a non-US office of a broker that is either a US person or such a US-related person, US Treasury regulations require information reporting (but not backup withholding) on the payment unless the broker has documentary evidence in its files that the Non-US Holder is not a US person and the broker has no knowledge to the contrary.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-US Holder's US federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act

Pursuant to the Foreign Account Tax Compliance Act ("FATCA"), withholding taxes may apply to certain types of payments made to "foreign financial institutions" (as defined under those rules) and certain other non-US entities. The failure to comply with additional certification, information reporting and other specified requirements could result in a withholding tax being imposed on payments of dividends and sales proceeds to foreign intermediaries and certain Non-US Holders. A 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our Class A ordinary shares paid to a foreign financial institution or to a non-financial foreign entity, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity that is a passive non-financial entity either certifies it does not have any substantial US owners or furnishes identifying information regarding each substantial US owner, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (i) above, it generally must enter into an agreement with the US Treasury requiring, among other things, that it undertake to identify accounts held by certain US persons or US-owned foreign entities, annually report certain information about such accounts and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States concerning FATCA may be subject to different rules.

Under the applicable Treasury regulations and administrative guidance, the withholding provisions described above generally apply to payments of dividends on our Class A ordinary shares, and also will apply on or after 1 January 2019 to payments of gross proceeds from a sale or other disposition of Class A ordinary shares. Prospective investors are encouraged to consult their tax advisors regarding the potential application of withholding under FATCA to an investment in our Class A ordinary shares.

Material Cayman Islands Tax Considerations

There is, at present, no direct taxation in the Cayman Islands and interest, dividends and gains payable to the Company will be received free of all Cayman Islands taxes. The Company has received an undertaking from the Governor in Cabinet of the Cayman Islands to the effect that, for a period of twenty years from the date of such undertaking, no law that thereafter is enacted in the Cayman Islands imposing any tax or duty to be levied on profits, income or on gains or appreciation, or any tax in the nature of estate duty or inheritance tax, will apply to any property comprised in or any income arising under the Company, or to the shareholders thereof, in respect of any such property or income.

F. DIVIDENDS AND PAYING AGENTS

American Stock Transfer & Trust Company is the paying agent for any dividends payable on our Class A ordinary shares and Class B ordinary shares in the United States.

While our dividend policy contemplates a semi-annual dividend, we have no specific procedure for setting the date of any dividend entitlement, though we will set a record date for stock ownership to determine entitlement to any dividends that may be declared from time to time, in accordance with applicable laws, rules and regulations. The declaration and payment of future semi-annual dividends, if any, will be at the sole discretion of our board of directors or a committee thereof based on its consideration of numerous factors, including our operating results, financial condition and anticipated capital requirements and the additional factors discussed above. See "Item 8. Financial Information – A. Consolidated Financial Statements and Other Financial Information – Dividend Policy."

G. STATEMENTS BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

You may read and copy any reports or other information that we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that site is www.sec.gov.

We also make available on our website, free of charge, our annual reports on Form 20-F and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is www.manutd.com. The information contained on our website is not incorporated by reference in this document.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Our operations are exposed to a variety of financial risks that include currency risk, interest rate risk and cash flow risk. We review and agree policies for managing these risks, which are then implemented by our finance department. Please refer to note 31 to our audited consolidated financial statements as of 30 June 2018 and 2017 and for the years ended 30 June 2018, 2017 and 2016 included elsewhere in this Annual Report for a fuller quantitative and qualitative discussion on the market risks to which we are subject and our policies with respect to managing those risks. The policies are summarized below:

Currency risk

We are exposed to both translational and transactional risk of fluctuations in foreign exchange rates. A significant currency risk we face relates to the revenue received in Euros as a result of participation in UEFA competitions. We seek to hedge economically the majority of the currency risk of this revenue either by using contracted future foreign currency expenses (including player transfer fee commitments) or by placing forward contracts at the point at which it becomes reasonably certain that we will receive the revenue.

We also receive a significant amount of sponsorship revenue denominated in US dollars. We seek to hedge the foreign exchange risk on future US dollar revenues whenever possible using our US dollar net borrowings as the hedging instrument. The foreign exchange gains or losses arising on retranslation of our US dollar net borrowings used in the hedge are initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. Amounts previously recognized in other comprehensive income and accumulated in a hedging reserve are subsequently reclassified into the income statement in the same accounting period, and within the same income statement line (i.e. Commercial revenue), as the underlying future US dollar revenues. The foreign exchange gains or losses arising on re-translation of our unhedged US dollar borrowings are recognized in the income statement immediately.

As of 30 June 2018, the amount accumulated in the hedging reserve relating to the above hedge was a debit of £27.2 million (this amount is stated gross before deducting related tax).

Based on exchange rates existing as of 30 June 2018, a 10% appreciation of pounds sterling compared to the US dollar would have resulted in a credit to the hedging reserve in respect of the above hedge of approximately £21.2 million for the year ended 30 June 2018. Conversely, a 10% depreciation of pounds sterling compared to the US dollar would have resulted in a debit to the hedging reserve in respect of the above hedge of approximately £25.9 million for the year ended 30 June 2018.

Payment and receipts of transfer fees may also give rise to foreign currency exposures. Due to the nature of player transfers we may not always be able to predict such cash flow until the transfer has taken place. Where possible and depending on the payment profile of transfer fees payable and receivable we will seek to economically hedge future payments and receipts at the point it becomes reasonably certain that the payments will be made or the revenue will be received. When hedging revenue to be received, we also take account of the credit risk of the counterparty.

Interest rate risk

Our interest rate risk relates to changes in interest rates for borrowings. Borrowings issued at variable interest rates expose us to cash flow interest rate risk. Borrowings issued at fixed rates expose us to fair value interest rate risk. Our borrowings under our revolving facility, our secured term loan facility and our Alderley facility bear interest at variable rates. As of 30 June 2018, we had £168.3 million of variable rate indebtedness outstanding under our secured term loan facility and £3.8 million of variable rate indebtedness outstanding under our Alderley credit facility. We manage our cash flow interest rate risk, where considered appropriate, using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Consequently, a hypothetical one percentage point increase in interest rates on our variable rate indebtedness would not have a material impact on our annual interest expense.

Other than as disclosed herein, we have no additional hedging policies.

Derivative Financial Instruments

Foreign currency forward contracts

We typically enter into foreign currency forward contracts, as considered appropriate, to purchase and sell foreign currency in order to minimize the impact of currency movements on our financial performance primarily for our exposure to Broadcasting revenue received in Euros for our participation in UEFA competitions and for transfer fees payable and receivable in foreign currency.

Interest rate swaps

We have interest rate swaps in place in respect of our secured term loan facility. As of 30 June 2018, the fair value of outstanding interest rate swaps was a net asset of £4.5 million.

Embedded foreign exchange derivatives

We have a number of currency based embedded derivatives in host Commercial revenue contracts. These are separately recognized in the financial statements at fair value since they are not closely related to the host contract. As of 30 June 2018, the fair value of such derivatives was a net asset of £0.6 million.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

We have carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) under the supervision and the participation of the executive board of management, which is responsible for the management of the internal controls, and which includes the Principal Executive Officer and the Principal Financial Officer. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation as of 30 June 2018, the Principal Executive Officer and Principal Financial Officer have concluded that the disclosure controls and procedures (i) were effective at a reasonable level of assurance as of the end of the period covered by this Annual Report on Form 20-F in ensuring that information required to be recorded, processed, summarized and reported in the reports that are filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and (ii) were effective at a reasonable level of assurance as of the end of the period covered by this Annual Report on Form 20-F in ensuring that information to be disclosed in the reports that are filed or submitted under the Exchange Act is accumulated and communicated to the management of the Company, including the Principal Executive Officer and the Principal Financial Officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our executive board of management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed, under the supervision of the Principal Executive Officer and the Principal Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly, reflect transactions and dispositions of assets, provide reasonable assurance that transactions are recorded in the manner necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are only carried out in accordance with the authorization of our executive board of management and directors, and provide reasonable assurance regarding the prevention or timely detection of any unauthorized acquisition, use or disposition of our assets and that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Moreover, projections of any evaluation of the effectiveness of internal control to future periods are subject to a risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Our executive board of management has assessed the effectiveness of internal control over financial reporting based on the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013. Based on this assessment, our executive board of management has concluded that our internal control over financial reporting as of 30 June 2018 was effective.

Our internal control over financial reporting as of 30 June 2018 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report on pages F-2 to F-3.

Changes in Internal Control over Financial Reporting

During the period covered by this report, we have not made any change to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Robert Leitão satisfies the "independence" requirements set forth in Rule 10A-3 under the Exchange Act. Our board of directors has also determined that Mr. Robert Leitão is an "audit committee financial expert" as defined in Item 16A of Form 20-F under the Exchange Act.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics that applies to all our employees, officers and directors, including our principal executive, principal financial and principal accounting officers. Our code of Business Conduct and Ethics addresses, among other things, competition and fair dealing, conflicts of interest, financial matters and external reporting, company funds and assets, confidentiality and corporate opportunity requirements and the process for reporting violations of the Code of Business Conduct and Ethics, employee misconduct, conflicts of interest or other violations. Our Code of Business Conduct and Ethics is intended to meet the definition of "code of ethics" under Item 16B of 20-F under the Exchange Act.

Our Code of Business Conduct and Ethics is available on our website at http://ir.manutd.com/. The information contained on our website is not incorporated by reference in this Annual Report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

PricewaterhouseCoopers LLP ("PwC") acted as our independent auditor for the fiscal years ended 30 June 2018 and 2017. The table below sets out the total amount billed to us by PwC, for services performed in the years ended 30 June 2018 and 2017, and breaks down these amounts by category of service:

	2018	2017
	£'000	£'000
Audit Fees	**500**	503
Tax Fees	**212**	392
All Other Fees	**184**	456
Total	**896**	1,351

Audit Fees

Audit fees for the years ended 30 June 2018 and 2017 were related to the audit of our consolidated and subsidiary financial statements and other audit or interim review services provided in connection with statutory and regulatory filings or engagements.

Tax Fees

Tax fees for the years ended 30 June 2018 and 2017 were related to tax compliance and tax planning services.

All Other Fees

All other fees in the years ended 30 June 2018 and 2017 related to services in connection with corporate compliance matters.

Pre-Approval Policies and Procedures

The advance approval of the Audit Committee or members thereof, to whom approval authority has been delegated, is required for all audit and non-audit services provided by our auditors.

All services provided by our auditors are approved in advance by either the Audit Committee or members thereof, to whom authority has been delegated, in accordance with the Audit Committee's pre-approval policy.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Our Class A ordinary shares are listed on the New York Stock Exchange. We believe the following to be the significant differences between our corporate governance practices and those applicable to US companies under the New York Stock Exchange listing standards.

In general, under the New York Stock Exchange corporate governance standards, foreign private issuers, as defined under the Exchange Act, are permitted to follow home country corporate governance practices instead of the corporate governance practices of the New York Stock Exchange. Accordingly, we follow certain corporate governance practices of our home country, the Cayman Islands, in lieu of certain of the corporate governance requirements of the New York Stock Exchange. Specifically, we do not have a board of directors composed of a majority of independent directors or a remuneration committee or nominating and corporate governance committee composed entirely of independent directors.

The foreign private issuer exemption does not modify the independence requirements for the audit committee, and we comply with the requirements of the Sarbanes-Oxley Act and the New York Stock Exchange rules, which require that our audit committee be composed of three independent directors.

If at any time we cease to be a "foreign private issuer" under the rules of the New York Stock Exchange and the Exchange Act, as applicable, our board of directors will take all action necessary to comply with the New York Stock Exchange corporate governance rules.

Due to our status as a foreign private issuer and our intent to follow certain home country corporate governance practices, our shareholders do not have the same protections afforded to shareholders of companies that are subject to all the New York Stock Exchange corporate governance standards.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

The audited consolidated financial statements as required under Item 18 are attached hereto starting on page F-1 of this Annual Report. The audit report of PricewaterhouseCoopers LLP, independent registered public accounting firm, is included herein preceding the audited consolidated financial statements.

ITEM 19. EXHIBITS

The following exhibits are filed as part of this Annual Report:

1.1 Amended and Restated Memorandum and Articles of Association of Manchester United plc dated as of 8 August 2012 (included as Exhibit 3.1 to our Registration Statement on Form F-1/A (File No. 333-182535), filed with the SEC on 30 July 2012, as amended).

2.1 Specimen Ordinary Share Certificate of Manchester United plc (included as Exhibit 4.1 to our Registration Statement on Form F-1/A (File No. 333-182535), filed with the SEC on 30 July 2012, as amended).

4.1 Agreement, dated 19 May 2008, between The Royal Bank of Scotland plc, as agent for National Westminster Bank plc, and Alderley Urban Investments (included as Exhibit 10.3 to our Registration Statement on Form F-1/A (File No. 333-182535), filed with the SEC on 16 July 2012, as amended).

4.2 Third Amendment and Restatement Agreement relating to the Secured Term Facility, dated June 14, 2018, among Red Football Limited, MU Finance plc (now known as MU Finance Limited), Manchester United Football Club Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender.

4.3 Accession Deed to Secured Term Facility, dated June 14, 2018, from Manchester United Football Club Limited and Red Football Limited to Bank of America Merrill Lynch International Limited, as Agent.

4.4 Revolving Facilities Agreement, dated 22 May 2015, among Red Football Limited, MU Finance plc (now known as MU Finance Limited), the guarantors party thereto, Bank of America, N.A., as Arranger, the Original Lenders named therein, and Bank of America Merrill Lynch International Limited, as Agent and Security Trustee (included as Exhibit 10.2 to our Registration Statement on Form F-3 (File No. 333-206985), filed with the SEC on 17 September 2015).

4.5 Revolving Facilities Amendment Letter, dated 7 October 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender (included as Exhibit 4.8 to our Annual Report on Form 20-F (File No. 333-183277), filed with the SEC on 15 October 2015).

4.6 Accession Deed to Revolving Facilities Agreement, dated June 14, 2018, from Manchester United Football Club Limited and Red Football Limited to Bank of America Merrill Lynch International Limited, as Agent.

4.7 Note Purchase Agreement, dated 27 May 2015, among MU Finance plc (now known as MU Finance Limited), the guarantors party thereto, the purchasers listed therein and the Bank of New York Mellon, as Paying Agent (included as Exhibit 4.3 to our Registration Statement on Form F-3 (File No. 333-206985), filed with the SEC on 17 September 2015).

4.8 Amendment No. 1 to Note Purchase Agreement, and Consent No. 1, dated June 14, 2018, among MU Finance plc (now known as MU Finance Limited), the guarantors party thereto, the noteholders listed on the signature pages thereto and the Bank of New York Mellon, as Paying Agent.

4.9 Form of 3.79% Senior Secured Note due June 26, 2027 (included as Exhibit 1 to Exhibit 4.8).

4.10 2012 Equity Incentive Award Plan (included as Exhibit 4.2 to our Registration Statement on Form S-8 (File No. 333-183277), filed with the SEC on 13 August 2012).

4.11 Premier League Handbook, Season 2017/18 (included as Exhibit 4.10 to our Annual Report on Form 20-F (File No. 001-35627), filed with the SEC on 13 October 2017).

4.12 Premier League Handbook, Season 2018/19.

8.1 List of significant subsidiaries (included in note 33 to our audited consolidated financial statements included in this Annual Report).

12.1 Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.

12.2 Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.

13.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

13.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

15.1 Consent of PricewaterhouseCoopers LLP, dated 28 September, 2018.

101.INS XBRL Instance Document.

101.SCH XBRL Taxonomy Extension Schema Document.

101.CAL XBRL Taxonomy Calculation Linkbase Document.

101.DEF XBRL Taxonomy Extension Definition Linkbase Document.

101.LAB XBRL Taxonomy Label Linkbase Document.

101.PRE XBRL Taxonomy Presentation Linkbase Document.

Index to Consolidated financial statements

Report of Independent Registered Public Accounting Firm

To the board of directors and shareholders of Manchester United plc

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Manchester United plc and its subsidiaries as of 30 June 2018 and 2017 and the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated cash flow statements for each of the three years in the period ended 30 June 2018, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of 30 June 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Manchester United plc and its subsidiaries as of 30 June 2018 and 2017, and the results of their operations and their cash flows for each of the three years in the period ended 30 June 2018 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of 30 June 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15 of the 2018 Annual Report. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Report of Independent Registered Public Accounting Firm (continued)

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Manchester, United Kingdom

28 September 2018

We have served as the Company's or its predecessors auditor since 2001.

Consolidated income statement

	Note	2018	2017	2016
		Year ended 30 June		
		2018	2017	2016
	Note	**£'000**	£'000	£'000
Revenue	4	**590,022**	581,204	515,345
Operating expenses	5	**(564,006)**	(511,315)	(436,709)
Profit/(loss) on disposal of intangible assets	8	**18,119**	10,926	(9,786)
Operating profit		**44,135**	80,815	68,850
Finance costs		**(24,233)**	(25,013)	(20,459)
Finance income		**6,195**	736	442
Net finance costs	9	**(18,038)**	(24,277)	(20,017)
Profit on ordinary activities before tax		**26,097**	56,538	48,833
Tax expense	10	**(63,367)**	(17,361)	(12,462)
(Loss)/profit for the year		**(37,270)**	39,177	36,371
(Loss)/earnings per share during the year				
Basic (loss)/earnings per share (pence)	11	**(22.70)**	23.88	22.19
Diluted (loss)/earnings per share (pence)[1]	11	**(22.70)**	23.82	22.13

(1) For the year ended 30 June 2018, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share, and hence have been excluded. For the years ended 30 June 2017 and 2016, potential ordinary shares have been treated as dilutive, as their inclusion in the diluted earnings per share calculation decreases earnings per share.

See accompanying notes to the consolidated financial statements.

Consolidated statement of comprehensive income

	Year ended 30 June		
	2018	2017	2016
	£'000	£'000	£'000
(Loss)/profit for the year	**(37,270)**	39,177	36,371
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges (note 31.2)	**25,878**	1,946	(58,025)
Tax (expense)/credit relating to cash flow hedges (note 31.2)	**(21,892)**	(681)	20,307
Other comprehensive income/(loss) for the year, net of tax	**3,986**	1,265	(37,718)
Total comprehensive (loss)/income for the year	**(33,284)**	40,442	(1,347)

See accompanying notes to the consolidated financial statements.

Consolidated balance sheet

		As of 30 June	
		2018	2017
	Note	**£'000**	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**245,401**	244,738
Investment property	14	**13,836**	13,966
Intangible assets	15	**799,640**	717,544
Derivative financial instruments	18	**4,807**	1,666
Trade and other receivables	19	**4,724**	15,399
Tax receivable		**547**	-
Deferred tax asset	25	**63,974**	142,107
		1,132,929	1,135,420
Current assets			
Inventories	16	**1,416**	1,637
Derivative financial instruments	18	**1,159**	3,218
Trade and other receivables	19	**168,060**	103,732
Tax receivable		**800**	-
Cash and cash equivalents	20	**242,022**	290,267
		413,457	398,854
Total assets		**1,546,386**	1,534,274

See accompanying notes to the consolidated financial statements.

Consolidated balance sheet (continued)

	Note	As of 30 June **2018** **£'000**	 2017 £'000
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**53**	53
Share premium		**68,822**	68,822
Merger reserve		**249,030**	249,030
Hedging reserve		**(27,738)**	(31,724)
Retained earnings		**135,099**	191,436
Total equity		**425,266**	477,617
Non-current liabilities			
Derivative financial instruments	18	**-**	655
Trade and other payables	23	**104,271**	83,587
Borrowings	24	**486,694**	497,630
Deferred revenue		**37,085**	39,648
Deferred tax liabilities	25	**28,559**	20,828
		656,609	642,348
Current liabilities			
Derivative financial instruments	18	**-**	1,253
Tax liabilities		**3,874**	9,772
Trade and other payables	23	**267,996**	190,315
Borrowings	24	**9,074**	5,724
Deferred revenue		**183,567**	207,245
		464,511	414,309
Total equity and liabilities		**1,546,386**	1,534,274

See accompanying notes to the consolidated financial statements.

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2015	52	68,822	249,030	4,729	155,285	477,918
Profit for the year	-	-	-	-	36,371	36,371
Cash flow hedges	-	-	-	(58,025)	-	(58,025)
Tax credit relating to cash flow hedges	-	-	-	20,307	-	20,307
Total comprehensive (loss)/income for the year	-	-	-	(37,718)	36,371	(1,347)
Equity-settled share-based payments (note 22)	-	-	-	-	1,795	1,795
Dividends paid (note 12)	-	-	-	-	(20,084)	(20,084)
Balance at 30 June 2016	52	68,822	249,030	(32,989)	173,367	458,282
Profit for the year	-	-	-	-	39,177	39,177
Cash flow hedges	-	-	-	1,946	-	1,946
Tax expense relating to cash flow hedges	-	-	-	(681)	-	(681)
Total comprehensive income for the year	-	-	-	1,265	39,177	40,442
Equity-settled share-based payments (note 22)	-	-	-	-	2,187	2,187
Dividends paid (note 12)	-	-	-	-	(23,295)	(23,295)
Proceeds from shares issued (note 21)	1	-	-	-	-	1
Balance at 30 June 2017	53	68,822	249,030	(31,724)	191,436	477,617
Loss for the year	-	-	-	-	(37,270)	(37,270)
Cash flow hedges	-	-	-	25,878	-	25,878
Tax expense relating to cash flow hedges	-	-	-	(21,892)	-	(21,892)
Total comprehensive income/(loss) for the year	-	-	-	3,986	(37,270)	(33,284)
Equity-settled share-based payments (note 22)	-	-	-	-	2,915	2,915
Dividends paid (note 12)	-	-	-	-	(21,982)	(21,982)
Balance at 30 June 2018	**53**	**68,822**	**249,030**	**(27,738)**	**135,099**	**425,266**

Movements on the hedging reserve are provided in note 31.2.

See accompanying notes to the consolidated financial statements.

Consolidated statement of cash flows

	Note	2018 £'000	2017 £'000	2016 £'000
		Year ended 30 June		
Cash flows from operating activities				
Cash generated from operations	26	**119,604**	251,759	200,864
Interest paid		**(18,904)**	(19,523)	(13,219)
Interest received		**1,187**	736	487
Tax paid		**(6,637)**	(5,312)	(2,040)
Net cash generated from operating activities		**95,250**	227,660	186,092
Cash flows from investing activities				
Payments for property, plant and equipment		**(13,260)**	(8,373)	(5,101)
Proceeds from sale of property, plant and equipment		**81**	-	19
Payments for investment property		**-**	(641)	-
Payments for intangible assets[1]		**(154,955)**	(193,825)	(138,095)
Proceeds from sale of intangible assets[1]		**46,865**	51,871	38,357
Net cash used in investing activities		**(121,269)**	(150,968)	(104,820)
Cash flows from financing activities				
Repayment of borrowings		**(419)**	(395)	(371)
Dividends paid		**(21,982)**	(23,295)	(20,084)
Net cash used in financing activities		**(22,401)**	(23,690)	(20,455)
Net (decrease)/increase in cash and cash equivalents		**(48,420)**	53,002	60,817
Cash and cash equivalents at beginning of year		**290,267**	229,194	155,752
Exchange gains on cash and cash equivalents		**175**	8,071	12,625
Cash and cash equivalents at end of year	20	**242,022**	290,267	229,194

[1] Payments and proceeds for intangible assets primarily relate to player and key football management staff registrations. When acquiring or selling players' and key football management staff registrations it is normal industry practice for payments terms to spread over more than one year and consideration may also include non-cash items. Details of registrations additions and disposals are provided in note 15. Trade payables in relation to the acquisition of registrations at the balance sheet date are provided in note 23. Trade receivables in relation to the disposal of registrations at the balance sheet date are provided in note 19.

See accompanying notes to the consolidated financial statements.

Notes to the consolidated financial statements

1 General information

Manchester United plc (the "Company") and its subsidiaries (together the "Group") is a professional football club together with related and ancillary activities. The Company incorporated under the Companies Law (2011 Revision) of the Cayman Islands, as amended and restated from time to time. The address of its principal executive office is Sir Matt Busby Way, Old Trafford, Manchester M16 0RA, United Kingdom. The Company's shares are listed on the New York Stock Exchange.

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

These financial statements were approved by the board of directors on 28 September 2018.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of Manchester United plc have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRS IC") interpretations. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments) which are recognized at fair value through profit and loss, unless cash flow hedge accounting applies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.1 Changes in accounting policy and disclosures

a) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 July 2017, have had a material impact on the consolidated financial statements of the Group.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except as set out below.

- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The impact of IFRS 9 has been assessed and the new standard does not have a significant effect on the classification and measurement of financial assets and financial liabilities. IFRS 9 also introduces the expected credit losses model for the recognition of financial asset impairment which replaces the incurred loss model of IAS 39. Management does not expect a significant change to the recognition of impairments under the new standard. In addition, the Group's current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9. The new standard also introduces expanded disclosure requirements and changes in presentation. These will change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of adoption of the new standard. The Group will adopt IFRS 9 from 1 July 2018.

- IFRS 15, "Revenue from contracts with customers", deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from an entity's contracts with customers. The standard replaces IAS 18, "Revenue" and IAS 11, "Construction Contracts" and related interpretations. The impact of IFRS 15 has been assessed by management including a thorough review of existing contractual arrangements. IFRS 15 focuses on the identification and satisfaction of performance obligations and includes specific guidance on the methods for measuring progress towards complete satisfaction of a performance obligation. Such guidance was not present in IAS 18 and therefore treatment was open to interpretation. As a result of the specific guidance in IFRS 15, revenue on certain commercial contracts will be recognized earlier under the new standard. The directors estimate that the opening balance sheet adjustment on 1 July 2018 will be to increase net assets by £1.8 million. The Group will adopt IFRS 15 from 1 July 2018 and will apply the standard retrospectively to each prior reporting period presented.

- IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. As at the reporting date, the Group has non-cancellable operating lease commitments, however, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. The Group expects to adopt IFRS 16 from 1 July 2019.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

2.2 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

The Group has one reportable segment, being the operation of a professional football club. The Chief Operating Decision Maker (being the board of directors and executive officers of Manchester United plc), who is responsible for allocating resources and assessing performance obtains financial information, being the Consolidated income statement, Consolidated balance sheet and Consolidated statement of cash flows, and the analysis of changes in net debt, about the Group as a whole. The Group has investment property, however, this is not considered to be a material business segment and is therefore not reported as such.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in pounds sterling, which is the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where settlements of such transactions, and from the translation at year-end exchange rates items, are re-measured. Foreign exchange gains and losses resulting from the settlement of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to unhedged borrowings are presented in the income statement within finance costs or income. All other foreign exchange gains and losses are presented in the income statement within operating expenses.

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of each transaction); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

On disposal of a foreign operation any cumulative exchange differences held in equity are reclassified to the income statement.

d) Exchange rates

The most important exchange rates per £1.00 that have been used in preparing the financial statements are:

	Closing rate			**Average rate**		
	2018	2017	2016	**2018**	2017	2016
Euro	**1.1309**	1.1379	1.2009	**1.1327**	1.1663	1.3363
US Dollar	**1.3194**	1.2988	1.3332	**1.3465**	1.2774	1.4774

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

2.5 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable from the Group's principal activities excluding transfer fees and value added tax. The Group's principal revenue streams are Commercial, Broadcasting and Matchday. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below.

a) Commercial

Commercial revenue (whether settled in cash or value in kind) comprises revenue receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed revenue, revenue receivable from retailing Manchester United branded merchandise in the UK and licensing the manufacture, distribution and sale of such goods globally, and fees for the Manchester United first team undertaking tours.

For sponsorship contracts any additional revenue receivable over and above the minimum guaranteed revenue contained in the sponsorship and licensing agreements is taken to revenue when a reliable estimate of the future performance of the contract can be obtained and it is probable that the amounts will not be recouped by the sponsor in future years.

Revenue is recognized over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship rights enjoyed by the individual sponsor. In instances where the sponsorship rights remain the same over the duration of the contract, revenue is recognized on a straight-line basis. In respect of contracts with multiple elements, the Group allocates the total consideration receivable to each separately identifiable element based on their relative fair values, and then recognizes the allocated revenue on a straight-line basis over the relevant period of each element.

The Group has a 10-year agreement with adidas which began on 1 August 2015. The minimum guarantee payable by adidas over the term of the agreement is £750 million, subject to certain adjustments. Payments due in a particular year may increase if the club's first team wins the Premier League, FA Cup or Champions League, or decrease if the club's first team fails to participate in the Champions League for two or more consecutive seasons with the maximum possible increase being £4 million per year and the maximum possible reduction being 30% of the applicable payment for the year in which the second or other consecutive season of non-participation falls. Revenue is currently being recognized based on management's estimate that the full minimum guarantee amount will be received, as management does not expect two consecutive seasons of non-participation in the Champions League.

Retail revenue is recognized at the point of sale while license revenue is recognized in the period in which the goods and services are provided.

Commercial revenue which is received in advance of a period end but relating to future periods is treated as deferred revenue. The deferred revenue is then released to revenue on an accruals basis in accordance with the substance of the relevant agreements.

2 Summary of significant accounting policies (continued)

b) Broadcasting

Broadcasting revenue represents revenue receivable from all UK and overseas broadcasting contracts, including contracts negotiated centrally by the Premier League and UEFA.

Distributions from the Premier League comprise a fixed element (which is recognized evenly as domestic home league matches are played), facility fees for live coverage and highlights of domestic home and away matches (which are recognized when the respective match is played), and merit awards (based on finishing position in the league, which are recognized when they are known at the end of each football season).

Distributions from UEFA relating to participation in UEFA competitions comprise market pool payments (which are recognized over the matches played in the competition, a portion of which reflects Manchester United's performance relative to the other Premier League clubs in the competition) and fixed amounts for participation in individual matches (which are recognized when the matches are played).

Broadcasting revenue which is received in advance of a period end but relating to future periods is treated as deferred revenue. The deferred revenue is then released to revenue on an accruals basis in accordance with the substance of the relevant agreements.

c) Matchday

Matchday revenue is recognized based on matches played throughout the year with revenue from each match being recognized only when the match has been played. Revenue from related activities such as Conference and Events or the Museum is recognized as the event or service is provided or the facility is used.

Matchday revenue includes revenue receivable from all domestic and European match day activities from Manchester United games at Old Trafford, together with the Group's share of gate receipts from domestic cup matches not played at Old Trafford, and fees for arranging other events at the Old Trafford stadium. As the Group acts as the principal in the sale of match tickets, the share of gate receipts payable to the other participating club and competition organizer for domestic cup matches played at Old Trafford is treated as an operating expense.

Matchday revenue which is received in advance of a period end but relating to future periods (mainly the sale of seasonal facilities for first team matches at Old Trafford) is treated as deferred revenue. The deferred revenue is then released to revenue as the matches are played.

d) Finance income

Finance income is recognized using the effective interest rate method.

e) Accrued revenue

Revenue from matchday activities, broadcasting and commercial contracts, which is received after the period to which it relates, is accrued as earned.

f) Deferred revenue

Revenue from matchday activities, broadcasting and commercial contracts, received or receivable prior to the period end in respect of future periods, is deferred.

2 Summary of significant accounting policies (continued)

2.6 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Rentals receivable under sub-tenancy agreements (net of any incentives given to the lessee) are credited to the income statement on a straight-line basis over the lease term. The risk and rewards of ownership on the sub-let property remain with the third party lessor.

2.7 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.8 Pension costs

The Group is one of a number of participating employers in The Football League Limited Pension and Life Assurance Scheme ('the scheme' – see note 30.1). The Group is unable to identify its share of the assets and liabilities of the scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme. The Group's contributions into this scheme are reflected within the income statement when they fall due. Full provision has been made for the additional contributions that the Group has been requested to pay to help fund the scheme deficit.

The Group also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group's contributions into this scheme are reflected within the income statement when they fall due.

2.9 Share-based payments

The Group operates a share-based compensation plan under which the entity receives services from employees as consideration for equity instruments of the Group.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled share-based payments to employees, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in profit or loss for the year.

Details regarding the determination of the fair value of share-based transactions are set out in note 22.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

2.10 Current and deferred tax

The tax expense or credit for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income, in which case the tax is also recognized in other comprehensive income.

The current tax expense or credit is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Although the Company is organized as a Cayman Islands corporation, it reports as a US domestic corporation for US federal income tax purposes and is subject to US federal income tax on the Group's worldwide income. In addition, the Group is subject to income and other taxes in various other jurisdictions, including the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to (or recovered from) the tax authorities.

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.11 Dividend distribution

Dividend distributions to the Company's shareholders are recognized when they become legally payable. In the case of interim dividends, this is when they are paid.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

2.12 Property, plant and equipment

Property, plant and equipment is initially measured at cost (comprising the purchase price, after deducting discounts and rebates, and any directly attributable costs) and is subsequently carried at cost less accumulated depreciation and any provision for impairment.

Subsequent costs, for example, capital improvements and refurbishment, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Where appropriate, the carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. With the exception of freehold property acquired before 1 August 1999, depreciation is calculated using the straight-line method to write-down assets to their residual value over the estimated useful lives as follows:

Freehold property	75 years
Computer equipment and software (included within Plant and machinery)	3 years
Plant and machinery	4-5 years
Fixtures and fittings	7 years

Freehold property acquired before 1 August 1999 is depreciated on a reducing balance basis at an annual rate of 1.33%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment charges arising are recognized in the income statement when the carrying amount of an asset is greater than the estimated recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use, and are calculated with reference to future discounted cash flows that the asset is expected to generate when considered as part of a cash-generating unit. Prior impairments are reviewed for possible reversal at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within operating expenses within the income statement.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

2.13 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is initially measured at cost (comprising the purchase price, after deducting discounts and rebates, and any directly attributable costs) and is subsequently carried at cost less accumulated depreciation and any provision for impairment. Investment property is depreciated using the straight-line method over 50 years.

Investment properties are reviewed for impairment when there is a triggering event such as a decline in the property market. An impairment charge is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Prior impairments are reviewed for possible reversal at each balance sheet date. If an impairment charge subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment charge been recognized for the asset in prior years.

2.14 Intangible assets - goodwill

a) Initial recognition

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

b) Impairment

Management considers there to be one material cash generating unit for the purposes of the annual impairment review, being the operation of a professional football club.

Goodwill is not subject to amortization and is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognized in the income statement when the carrying value of goodwill exceeds its recoverable amount. Its recoverable amount is the higher of fair value less costs of disposal and value in use. Prior impairments are not subsequently reviewed for possible reversal at each balance sheet date.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

2.15 Intangible assets - registrations and football staff remuneration

a) Remuneration

Remuneration is charged to operating expenses on a straight-line basis over the contract periods based on the amount payable to players and key football management staff for that period. Any performance bonuses are recognized when the Company considers that it is probable that the condition related to the payment will be achieved.

Signing-on fees are typically paid to players and key football management staff in equal annual installments over the term of the contract. Installments are paid at or near the beginning of each financial year and recognized as prepayments within trade and other receivables. They are subsequently charged to the income statement (as operating expenses) on a straight-line basis over the financial year. Signing-on fees paid form part of cash flows from operating activities.

Loyalty fees are bonuses which are paid to players and key football management staff either at the beginning of a renewed contract or in installments over the term of their contract in recognition for either past or future performance. Loyalty bonuses for past service are typically paid in a lump sum amount upon renewal of a contract. These loyalty bonuses require no future service and are not subject to any claw-back provisions were the individual to subsequently leave the club during their new contract term. They are expensed once the Company has a present legal or constructive obligation to make the payment. Loyalty bonuses for ongoing service are typically paid in arrears in equal annual installments over the term of the contract. These are paid at the beginning of the next financial year and the related charge is recognized within operating expenses in the income statement on a straight-line basis over the current financial year.

b) Initial recognition

The costs associated with the acquisition of players' and key football management staff registrations are capitalized at the fair value of the consideration payable. Costs include transfer fees, PL levy fees, agents' fees incurred by the club and other directly attributable costs. Costs also include the fair value of any contingent consideration, which is primarily payable to the player's former club (with associated levy fees payable to the PL), once payment becomes probable. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the player's registration. The estimate of the fair value of the contingent consideration payable requires management to assess the likelihood of specific performance conditions being met which would trigger the payment of the contingent consideration. This assessment is carried out on an individual player basis. The additional amount of contingent consideration potentially payable, in excess of the amounts included in the cost of registrations, is disclosed in note 29.2. Costs are fully amortized using the straight-line method over the period covered by the player's and key football management staff contract.

c) Renegotiation

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

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

2.15 Intangible assets - registrations and football staff remuneration (continued)

d) Disposals and loan income

Assets available for sale (principally players' registrations) are classified as assets held for sale when their carrying value is expected to be recovered principally through a sale transaction and a sale is considered to be highly probable. Highly probable is defined as being actively marketed by the club, with unconditional offers having been received prior to a period end. These assets would be stated at the lower of the carrying amount and fair value less costs to sell.

Gains and losses on disposal of players' and key football management staff registrations are determined by comparing the fair value of the consideration receivable, net of any transaction costs, with the carrying amount and are recognized separately in the income statement within profit on disposal of intangible assets. Where a part of the consideration receivable is contingent on specified performance conditions, this amount is recognized in the income statement when receipt is virtually certain.

Loan income on players temporarily loaned to other football clubs is recognized separately in the income statement within profit/(loss) on disposal of intangible assets.

e) Impairment

Management does not consider that it is possible to determine the value in use of an individual player or key football management staff in isolation as that individual (unless via a sale or insurance recovery) cannot generate cash flows on their own. While management does not consider any individual can be separated from the single cash generating unit ("CGU"), being the operations of the Group as a whole, there may be certain circumstances where an individual is taken out of the CGU, when it becomes clear that they will not participate with the club's first team again, for example, a player sustaining a career threatening injury or is permanently removed from the first team playing squad for another reason. If such circumstances were to arise, the carrying value of the individual would be assessed against the Group's best estimate of the individual's fair value less any costs to sell and an impairment charge made in operating expenses reflecting any loss arising.

2.16 Intangible assets - other

Other intangible assets comprise website, mobile applications and trademark registration costs and are initially measured at cost and are subsequently carried at cost less accumulated amortization and any provision for impairment.

Amortization is calculated using the straight-line method to write-down assets to their residual value over the estimated useful lives as follows:

Website and mobile applications	3 years
Trademark registrations	10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

Notes to the consolidated financial statements (continued)

2 Summary of significant accounting policies (continued)

2.17 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss is recognized in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedging relationship. The Group designates certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group hedges the foreign exchange risk on a portion of contracted, and hence highly probable, future US dollar revenues whenever possible using a portion of the Group's US dollar net borrowings as the hedging instrument. Foreign exchange gains or losses arising on re-translation of the Group's US dollar net borrowings used in the hedge are initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. The foreign exchange gains or losses arising on re-translation of the Group's unhedged US dollar borrowings are recognized in the income statement immediately.

The Group hedges its cash flow interest rate risk where considered appropriate using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The effective portion of changes in the fair value of the interest rate swap is initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. The gain or loss relating to any ineffective portion is recognized in the income statement immediately.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items. The Group uses a variety of methods to assess hedge effectiveness depending on the nature and type of the hedging relationship, including critical terms comparison, dollar offset method and regression analysis.

Derivatives embedded in other financial instruments or host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

The fair values of various derivative instruments are disclosed in note 18. Movements on the hedging reserve in other comprehensive income are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to any ineffective portion is recognized immediately in the income statement.

Amounts previously recognized in other comprehensive income and accumulated in the hedging reserve within equity are reclassified to the income statement in the periods when the hedged item affects the income statement (for example, when the forecast transaction that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the hedged item is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2 Summary of significant accounting policies (continued)

2.18 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises cost of purchase and, where appropriate, other directly attributable costs. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.19 Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade and other receivables are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.20 Cash and cash equivalents

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

2.21 Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds of the issue.

The merger reserve arose as a result of reorganization transactions and represents the difference between the equity of the acquired company (Red Football Shareholder Limited) and the investment by the acquiring company (Manchester United plc).

The hedging reserve is used to reflect the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges.

2.22 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Amounts payable are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

2.23 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case the fee is deferred until draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Notes to the consolidated financial statements (continued)

3 Critical accounting estimates and judgments

Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Revenue recognition—minimum guarantee

Minimum guaranteed revenue is recognized over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship benefits enjoyed by the individual sponsor. In instances where the sponsorship rights remain the same over the duration of the contract, revenue is recognized on a straight-line basis.

The minimum guarantee payable by adidas is subject to certain adjustments. Payments due in a particular year may increase if the club's first team wins certain competitions or decrease if the club's first team fails to participate in the Champions League for two or more consecutive seasons with the reduction being 30% of the applicable payment for the year in which the second or other consecutive season of non-participation falls. Management's current best estimate is that the full minimum guarantee amount will be received, as management does not expect two consecutive seasons of non-participation in the Champions League.

b) Intangible assets - goodwill

The Group annually tests whether goodwill has suffered any impairment or more frequently if events or changes in circumstances indicate a potential impairment, in accordance with its accounting policy. The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation. This calculation requires the use of estimates, both in arriving at the expected future cash flows and the application of a suitable discount rate in order to calculate the present value of these flows. These calculations have been carried out in accordance with the assumptions set out in note 15.

c) Intangible assets - registrations

The costs associated with the acquisition of players' and key football management staff registrations are capitalized at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the player's and key football management staff registration. The estimate of the fair value of the contingent consideration payable requires management to assess the likelihood of specific performance conditions being met which would trigger the payment of the contingent consideration. This assessment is carried out on an individual basis. The maximum additional amount that could be payable as of 30 June 2018 is disclosed in note 29.2.

The Group will perform an impairment review on intangible assets, including player and key football management staff registrations, if adverse events indicate that the amortized carrying value of the asset may not be recoverable. While no individual can be separated from the single cash generating unit ("CGU"), being the operations of the Group as a whole, there may be certain circumstances where an individual is taken out of the CGU, when it becomes clear that they will not participate with the club's first team again, for example, a player sustaining a career threatening injury or is permanently removed from the first team squad for another reason. If such circumstances were to arise, the carrying value of the individual would be assessed against the Group's best estimate of the individual's fair value less any costs to sell.

Notes to the consolidated financial statements (continued)

3 Critical accounting estimates and judgments (continued)

d) Tax

Tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to (or recovered from) the tax authorities. From time to time the Group is involved in discussions with tax authorities in relation to ongoing tax matters and, where appropriate, provisions are made based on management's assessment of each case. Future tax expense or credit may be higher or lower than estimates made when determining whether it is appropriate to record a provision and the amount to be recorded. Furthermore, changes in the legislative framework or applicable tax case law may result in management reassessing the recognition of tax provisions in future periods.

e) Recognition of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that the associated deductions will be available for use against future profits and that there will be sufficient future taxable profit available against which the temporary differences can be utilized, provided the asset can be reliably quantified. In estimating future taxable profit, management use "base case" approved forecasts which incorporate a number of assumptions, including a prudent level of future uncontracted revenue in the forecast period. In arriving at a judgment in relation to the recognition of deferred tax assets, management considers the regulations applicable to tax and advice on their interpretation. Future taxable income may be higher or lower than estimates made when determining whether it is appropriate to record a tax asset and the amount to be recorded. Furthermore, changes in the legislative framework or applicable tax case law may result in management reassessing the recognition of deferred tax assets in future periods.

3.2 Critical judgments in applying the entity's accounting policies

The Group does not believe that there are currently any significant accounting judgments.

Notes to the consolidated financial statements (continued)

4 Segment information

The principal activity of the Group is the operation of a professional football club. All of the activities of the Group support the operation of the football club and the success of the first team is critical to the ongoing development of the Group. Consequently the Chief Operating Decision Maker regards the Group as operating in one material segment, being the operation of a professional football club.

All revenue derives from the Group's principal activity in the United Kingdom. Revenue can be analysed into its three main components as follows:

	2018 **£'000**	2017 £'000	2016 £'000
Commercial	**276,099**	275,471	268,318
Broadcasting	**204,137**	194,098	140,440
Matchday	**109,786**	111,635	106,587
	590,022	581,204	515,345

Revenue derived from entities accounting for more than 10% of revenue in either 2018, 2017 or 2016 were as follows:

	2018 **£'000**	2017 £'000	2016 £'000
Premier League	**155,932**	147,875	99,767
adidas	**79,015**	79,214	72,746
General Motors (Chevrolet)	**<10%**	59,396	58,896

All non-current assets, other than US deferred tax assets, are held within the United Kingdom.

Notes to the consolidated financial statements (continued)

5 Operating expenses

	2018 **£'000**	2017 £'000	2016 £'000
Employee benefit expense (note 7)	**(295,935)**	(263,464)	(232,242)
Operating lease costs	**(1,785)**	(2,316)	(2,392)
Auditors' remuneration: audit of parent company and consolidated financial statements	**(28)**	(27)	(26)
Auditors' remuneration: audit of the Company's subsidiaries	**(472)**	(476)	(436)
Auditors' remuneration: tax compliance services	**(212)**	(392)	(690)
Auditors' remuneration: other services	**(184)**	(456)	(143)
Foreign exchange (losses)/gains	**(994)**	(2,646)	7,760
Gain/(loss) on disposal of property, plant and equipment	**81**	(43)	(126)
Depreciation - property, plant and equipment (note 13)	**(10,625)**	(10,106)	(9,967)
Depreciation - investment property (note 14)	**(130)**	(122)	(112)
Amortization (note 15)	**(138,380)**	(124,434)	(88,009)
Sponsorship, other commercial and broadcasting costs	**(25,907)**	(28,491)	(21,043)
External matchday costs	**(24,193)**	(26,892)	(22,244)
Property costs	**(21,620)**	(19,329)	(19,180)
Other operating expenses (individually less than £10,000,000)	**(41,705)**	(36,874)	(32,724)
Exceptional items (note 6)	**(1,917)**	4,753	(15,135)
	(564,006)	(511,315)	(436,709)

Notes to the consolidated financial statements (continued)

6 Exceptional items

	2018	2017	2016
	£'000	£'000	£'000
Football League pension scheme deficit (note 30)	**(1,917)**	-	-
Impairment reversal/(charge) – registrations (note 15)	**-**	4,753	(6,693)
Compensation paid for loss of office	**-**	-	(8,442)
	(1,917)	4,753	(15,135)

The Football League pension scheme deficit reflects the present value of the additional contributions the Group is expected to pay to remedy the revised deficit of the scheme pursuant to the latest triennial actuarial valuation at 31 August 2017.

A registrations impairment charge amounting to £6,693,000 was originally made in the year ended 30 June 2016 in respect of a player who was no longer considered to be a member of the first team playing squad. This impairment was reversed during the year ended 30 June 2017 as the player was re-established as a member of the first team playing squad. The reversal was calculated to increase the carrying value of the player's registration to the value that would have been recognized had the original impairment not occurred (that is after taking account of normal amortization that would have been charged had no impairment occurred).

Compensation paid for loss of office relates to amounts payable to former team managers and certain members of the coaching staff.

Notes to the consolidated financial statements (continued)

7 Employees

7.1 Employee benefit expense and average number of people employed

	2018 £'000	2017 £'000	2016 £'000
Wages and salaries (including bonuses)	**(255,637)**	(229,605)	(202,982)
Social security costs	**(31,396)**	(27,334)	(23,499)
Share-based payments (note 22)	**(6,216)**	(4,090)	(3,334)
Pension costs – defined contribution schemes (note 30.2)	**(2,686)**	(2,435)	(2,427)
	(295,935)	(263,464)	(232,242)

Details of the pension arrangements offered by the Company and the Group are disclosed in note 30.

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

	2018 Number	2017 Number	2016 Number
By activity:			
Football – players	**81**	74	74
Football - technical and coaching	**165**	136	94
Commercial	**121**	120	111
Media	**87**	90	94
Administration and other	**468**	445	426
Average number of employees	**922**	865	799

The Group also employs approximately 3,858 temporary staff on match days (2017: 2,053; 2016: 2,124), the costs of which are included in the employee benefit expense above.

7.2 Key management compensation

Key management includes directors (executive and non-executive) of the Company and executive directors and officers of the Group's main operating company, Manchester United Football Club Limited**.** The compensation paid or payable to key management for employee services, which is included in the employee benefit expense table above, is shown below:

	2018 £'000	2017 £'000	2016 £'000
Short-term employee benefits	**(7,620)**	(8,601)	(7,908)
Share-based payments	**(5,275)**	(3,654)	(3,131)
Post-employment benefits	**(20)**	(71)	(70)
	(12,915)	(12,326)	(11,109)

8 Profit/(loss) on disposal of intangible assets

	2018 £'000	2017 £'000	2016 £'000
Profit/(loss) on disposal of registrations	**14,709**	9,876	(9,786)
Player loan income	**3,410**	1,050	-
	18,119	10,926	(9,786)

Notes to the consolidated financial statements (continued)

9 Net finance costs

	2018 £'000	2017 £'000	2016 £'000
Interest payable on bank loans and overdrafts	**(1,458)**	(1,502)	(1,381)
Interest payable on secured term loan facility and senior secured notes	**(17,567)**	(18,784)	(17,306)
Amortization of issue costs on secured term loan facility and senior secured notes	**(627)**	(608)	(544)
Foreign exchange gains/(losses) on retranslation of unhedged US dollar borrowings	-	1,816	(4,136)
Unwinding of discount relating to registrations	**(3,492)**	(2,401)	(2,380)
Fair value movements on derivative financial instruments:			
Embedded foreign exchange derivatives	**(1,089)**	(3,534)	5,288
Total finance costs	**(24,233)**	(25,013)	(20,459)
Foreign exchange gains on retranslation of unhedged US dollar borrowings	**4,952**	-	-
Interest receivable on short-term bank deposits	**1,243**	736	442
Total finance income	**6,195**	736	442
Net finance costs	**(18,038)**	(24,277)	(20,017)

Notes to the consolidated financial statements (continued)

10 Tax expense

	2018 **£'000**	2017 £'000	2016 £'000
Current tax:			
Current tax on (loss)/profit for the year	**(1,809)**	(19,722)	(4,633)
Adjustment in respect of previous years	**2,590**	(2,651)	(2,476)
Foreign tax	**(723)**	(2,103)	(1,279)
Total current tax credit/(expense)	**58**	(24,476)	(8,388)
Deferred tax:			
US deferred tax:			
Origination and reversal of temporary differences	**(9,225)**	(3,371)	(3,879)
Adjustment in respect of previous years	**(1,909)**	1,782	5,039
Impact of change in US federal corporate income tax rate on opening balance[1]	**(48,832)**	-	-
Total US deferred tax (expense)/credit (note 25)	**(59,966)**	(1,589)	1,160
UK deferred tax:			
Origination and reversal of temporary differences	**(3,701)**	6,171	(5,258)
Adjustment in respect of previous years	**242**	938	(2,687)
Impact of change in UK corporation tax rate	**-**	1,595	2,711
Total UK deferred tax (expense)/credit (note 25)	**(3,459)**	8,704	(5,234)
Total deferred tax (expense)/credit	**(63,425)**	7,115	(4,074)
Total tax expense	**(63,367)**	(17,361)	(12,462)

A reconciliation of the total tax expense is as follows:

	2018 **£'000**	2017 £'000	2016 £'000
Profit before tax	**26,097**	56,538	48,833
Profit before tax multiplied by weighted average US federal corporate income tax rate of 28.0% (2017: 35.0%; 2016: 35.0%)	**(7,307)**	(19,789)	(17,092)
Tax effects of:			
Adjustment in respect of previous years	**923**	69	(124)
Difference in tax rates on non-US operations	**491**	244	(612)
Foreign exchange gains on US dollar denominated tax basis	**238**	2,362	5,755
Expenses not deductible for tax purposes	**(648)**	(247)	(389)
Impact of change in US federal corporate income tax rate on opening balance[1]	**(48,832)**	-	-
Re-measurement of unrealized foreign exchange US deferred tax asset [2]	**(8,795)**	-	-
Re-measurement of foreign tax credit US deferred tax asset[3]	**1,637**	-	-
One time mandatory US tax charge	**(1,074)**	-	-
Total tax expense	**(63,367)**	(17,361)	(12,462)

Notes to the consolidated financial statements (continued)

10 Tax expense (continued)

[(1)] The current year deferred tax expense includes a non-cash, tax accounting write-off of £48.8 million following the substantive enactment of US tax reform on 22 December 2017. The non-cash write-off was primarily due to the reduction in the US federal corporate income tax rate from 35% to 21% which necessitated re-measurement of the existing US deferred tax position in the period to 31 December 2017.

[(2)] It is no longer deemed probable that the cumulative unrealized foreign exchange loss arising on USD denominated debt will be deductible for US tax purposes when realized. The associated deferred tax asset was therefore derecognized resulting in a non-cash tax charge of £8.8 million in the year.

[(3)] The deferred tax asset associated with foreign tax credits is continuously re-measured. This has resulted in a write back of £1.6 million in the year.

In addition to the amount recognized in the income statement, the following amounts relating to tax have been recognized directly in other comprehensive income:

	2018 **£'000**	2017 £'000	2016 £'000
Current tax	**-**	16,251	1,466
US deferred tax (note 25)	**(17,620)**	(1,764)	10,660
UK deferred tax (note 25)	**(4,272)**	(15,168)	8,181
Total tax (expense)/credit recognized in other comprehensive income	**(21,892)**	(681)	20,307

Notes to the consolidated financial statements (continued)

11 (Loss)/earnings per share

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the year by the weighted average number of ordinary shares in issue during the year.

	2018	2017	2016
Class A ordinary shares (thousands)	**40,195**	40,025	39,890
Class B ordinary shares (thousands)	**124,000**	124,000	124,000
	164,195	164,025	163,890
(Loss)/profit attributable to owners of the parent (£'000)	**(37,270)**	39,177	36,371
Basic (loss)/earnings per share (pence)	**(22.70)**	23.88	22.19

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share awards pursuant to the 2012 Equity Incentive Plan (the "Equity Plan"). Share awards pursuant to the Equity Plan are assumed to have been converted into ordinary shares at the beginning of the financial year.

	2018	2017	2016
Class A ordinary shares (thousands)	**40,195**	40,025	39,890
Adjustment for assumed conversion into Class A ordinary shares (thousands)	**415**	468	429
Class B ordinary shares (thousands)	**124,000**	124,000	124,000
	164,610	164,493	164,319
(Loss)/profit attributable to owners of the parent (£'000)	**(37,270)**	39,177	36,371
Diluted (loss)/earnings per share (pence)[1]	**(22.70)**	23.82	22.13

[1] For the year ended 30 June 2018, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share, and hence have been excluded. For the years ended 30 June 2017 and 2016, potential ordinary shares have been treated as dilutive, as their inclusion in the diluted earnings per share calculation decreases earnings per share.

12 Dividends

Dividends paid in the year were $29,555,000 (2017: $29,525,000; 2016: $29,501,000) equivalent to $0.18 (2017: $0.18; 2016: $0.18) per share. The pounds sterling equivalents were £21,982,000 (2017: £23,295,000; 2016: £20,084,000) equivalent to £0.13 (2017: £0.14; 2016: £0.12) per share.

Notes to the consolidated financial statements (continued)

13 Property, plant and equipment

	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
At 1 July 2016				
Cost	269,369	36,728	43,809	349,906
Accumulated depreciation	(43,443)	(32,487)	(28,262)	(104,192)
Net book amount	225,926	4,241	15,547	245,714
Year ended 30 June 2017				
Opening net book amount	225,926	4,241	15,547	245,714
Additions	3	1,578	7,592	9,173
Disposals	-	(7)	(36)	(43)
Depreciation charge	(3,301)	(2,427)	(4,378)	(10,106)
Closing net book amount	222,628	3,385	18,725	244,738
At 30 June 2017				
Cost	269,372	34,475	50,236	354,083
Accumulated depreciation	(46,744)	(31,090)	(31,511)	(109,345)
Net book amount	222,628	3,385	18,725	244,738
Year ended 30 June 2018				
Opening net book amount	222,628	3,385	18,725	244,738
Additions	-	2,605	8,706	11,311
Disposals	(5)	-	(18)	(23)
Depreciation charge	(3,288)	(1,821)	(5,516)	(10,625)
Closing net book amount	219,335	4,169	21,897	245,401
At 30 June 2018				
Cost	269,367	34,790	57,800	361,957
Accumulated depreciation	(50,032)	(30,621)	(35,903)	(116,556)
Net book amount	**219,335**	**4,169**	**21,897**	**245,401**

Freehold property primarily comprises the Old Trafford stadium and the Aon Training Complex.

Property, plant and equipment with a net book amount of £205,388,000 (2017: £199,990,000) has been pledged to secure the secured term loan facility and senior secured notes borrowings of the Group (see note 24).

Capital commitments at the balance sheet date are disclosed in note 29.1.

Notes to the consolidated financial statements (continued)

14 Investment property

	£'000
At 1 July 2016	
Cost	19,128
Accumulated depreciation and impairment	(5,681)
Net book amount	13,447
Year ended 30 June 2017	
Opening net book amount	13,447
Additions	641
Depreciation charge	(122)
Closing net book amount	13,966
At 30 June 2017	
Cost	19,769
Accumulated depreciation and impairment	(5,803)
Net book amount	13,966
Year ended 30 June 2018	
Opening net book amount	13,966
Depreciation charge	(130)
Closing net book amount	13,836
At 30 June 2018	
Cost	19,769
Accumulated depreciation and impairment	(5,933)
Net book amount	**13,836**

Investment property was externally valued as of 30 June 2018 in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation - Professional Standards, January 2014. The valuation supported the carrying amount as of 30 June 2018 and consequently there were no changes to the net book value. The external valuation was carried out on the basis of Market Value, as defined in the RICS Valuation – Professional Standards, January 2014. Fair value of investment property is determined using inputs that are not based on observable market data, consequently the asset is categorized as Level 3 (see note 31.4). The fair value of investment property as of 30 June 2018 was £16,450,000 (2017: £14,868,000).

The property rental revenue earned by the Group from its investment property amounted to £1,371,000 (2017: £1,260,000; 2016: £1,336,000). Direct operating expenses arising on investment property, all of which generated rental income, in the year amounted to £182,000 (2017: £679,000; 2016: £652,000). The future aggregate minimum rentals receivable under non-cancellable operating leases are disclosed in note 28.2.

Investment property with a net book amount of £6,630,000 (2017: £6,660,000) has been pledged to secure the secured bank loan borrowings of the Group (see note 24).

As of 30 June 2018, the Group had no contractual obligations to purchase, construct or develop investment property (2017: £nil). As of 30 June 2018, the Group had no material contractual obligations for repairs, maintenance or enhancements to investment property (2017: not material).

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Notes to the consolidated financial statements (continued)

15 Intangible assets

	Goodwill £'000	Registrations £'000	Other £'000	Total £'000
At 1 July 2016				
Cost	421,453	511,893	2,766	936,112
Accumulated amortization	-	(270,169)	(309)	(270,478)
Net book amount	421,453	241,724	2,457	665,634
Year ended 30 June 2017				
Opening net book amount	421,453	241,724	2,457	665,634
Additions	-	205,091	3,853	208,944
Disposals	-	(37,353)	-	(37,353)
Amortization charge	-	(123,695)	(739)	(124,434)
Reversal of impairment (note 6)	-	4,753	-	4,753
Closing book amount	421,453	290,520	5,571	717,544
At 30 June 2017				
Cost	421,453	645,433	6,619	1,073,505
Accumulated amortization	-	(354,913)	(1,048)	(355,961)
Net book amount	421,453	290,520	5,571	717,544
Year ended 30 June 2018				
Opening net book amount	421,453	290,520	5,571	717,544
Additions	-	243,182	4,495	247,677
Disposals	-	(27,201)	-	(27,201)
Amortization charge	-	(136,993)	(1,387)	(138,380)
Closing book amount	421,453	369,508	8,679	799,640
At 30 June 2018				
Cost	421,453	785,594	10,379	1,217,426
Accumulated amortization	-	(416,086)	(1,700)	(417,786)
Net book amount	**421,453**	**369,508**	**8,679**	**799,640**

Impairment tests for goodwill

Goodwill arose largely in relation to the Group's acquisition of Manchester United Limited in 2005. Goodwill is not subject to amortization and is tested annually for impairment (normally at the end of the third fiscal quarter) or more frequently if events or changes in circumstances indicate a potential impairment.

An impairment test has been performed on the carrying value of goodwill based on value-in-use calculations. The value-in-use calculations have used pre-tax cash flow projections based on the financial budgets approved by management covering a five-year period. The budgets are based on past experience in respect of revenues, variable and fixed costs, registrations and other capital expenditure and working capital assumptions. For each accounting period, cash flows beyond the five-year period are extrapolated using a terminal growth rate of 2.5% (2017: 2.5%), which does not exceed the long term average growth rate for the UK economy in which the cash generating unit operates.

The other key assumptions used in the value in use calculations for each period are the pre-tax discount rate, which has been determined at 7.8% (2017: 8.6%) for each period, and certain assumptions around progression in domestic and UEFA competitions, and registrations capital expenditure.

Notes to the consolidated financial statements (continued)

15 Intangible assets (continued)

Impairment tests for goodwill (continued)

Management determined budgeted revenue growth based on historical performance and its expectations of market development. The discount rates are pre-tax and reflect the specific risks relating to the business.

The following sensitivity analysis was performed:

- increase the discount rate by 1%;
- more prudent assumptions around qualification for UEFA competitions.

In each of these scenarios the estimated recoverable amount substantially exceeds the carrying value for the cash generating unit and accordingly no impairment was identified.

Having assessed the future anticipated cash flows, management believes that any reasonably possible changes in key assumptions would not result in an impairment of goodwill.

Registrations

The unamortized balance of existing registrations as of 30 June 2018 was £369.5 million, of which £138.5 million is expected to be amortized in the year ended 30 June 2019. The remaining balance is expected to be amortized over the four years to 30 June 2023. This does not take into account player additions after 30 June 2018, which would have the effect of increasing the amortization expense in future periods, nor does it consider disposals subsequent to 30 June 2018, which would have the effect of decreasing future amortization charges. Furthermore, any contract renegotiations would also impact future charges.

Other intangible assets

Other intangible assets comprise website, mobile applications and trademark registration costs. Other intangible assets include internally generated assets whose cost and accumulated amortization as of 30 June 2018 was £1,412,000 and £39,000 respectively (2017: £1,026,000 and £nil respectively).

Capital commitments at the balance sheet date are disclosed in note 29.1.

16 Inventories

	2018 **£'000**	2017 £'000
Finished goods	**1,416**	1,637

The cost of inventories recognized as an expense and included in operating expenses for the year amounted to £8,450,000 (2017: £8,598,000; 2016: £7,228,000).

Reversal/write-down of inventories to net realizable value amounted to a reversal of £4,000 (2017: reversal of £173,000; 2016: write-down of £177,000;). These were recognized as a credit (reversal) or expense (write-down) during the year and included in operating expenses.

Notes to the consolidated financial statements (continued)

17 Financial instruments by category

	Note	**2018 £'000**	2017 £'000
Assets as per balance sheet			
Derivatives used for hedging:			
Derivative financial instruments	18	**4,490**	-
At fair value through profit and loss:			
Derivative financial instruments	18	**1,476**	4,884
Loans and receivables:			
Trade and other receivables excluding prepayments(1)	19	**161,922**	105,631
Cash and cash equivalents	20	**242,022**	290,267
		409,910	400,782
Liabilities as per balance sheet			
Derivatives used for hedging:			
Derivative financial instruments	18	-	655
At fair value through profit and loss:			
Derivative financial instruments	18	-	1,253
Other financial liabilities at amortized cost:			
Trade and other payables excluding social security and other taxes(2)	23	**354,350**	255,779
Borrowings	24	**495,768**	503,354
		850,118	761,041

(1) Prepayments are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.

(2) Social security and other taxes are excluded from the trade and other payables balance, as this analysis is required only for financial instruments.

The Group's exposure to various risks associated with the financial instruments is discussed in note 31. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the consolidated financial statements (continued)

18 Derivative financial instruments

	2018		2017	
	Assets £'000	**Liabilities £'000**	Assets £'000	Liabilities £'000
Derivatives used for hedging:				
Interest rate swaps	**4,490**	**-**	-	(655)
Derivatives at fair value through profit or loss:				
Embedded foreign exchange derivatives	**624**	**-**	1,714	-
Forward foreign exchange contracts	**852**	**-**	3,170	(1,253)
	5,966	**-**	4,884	(1,908)
Less non-current portion:				
Derivatives used for hedging:				
Interest rate swaps	**4,490**	**-**	-	(655)
Derivatives at fair value through profit or loss:				
Embedded foreign exchange derivatives	**317**	**-**	855	-
Forward foreign exchange contracts	**-**	**-**	811	-
Non-current derivative financial instruments	**4,807**	**-**	1,666	(655)
Current derivative financial instruments	**1,159**	**-**	3,218	(1,253)

The ineffective portion recognized in profit or loss that arises from cash flow hedges amounts to £nil (2017: £nil).

Further details of derivative financial instruments are provided in note 31.

Notes to the consolidated financial statements (continued)

19 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	**133,505**	90,719
Less: provision for impairment of trade receivables	**(9,708)**	(14,113)
Net trade receivables	**123,797**	76,606
Other receivables	**107**	270
Accrued revenue	**38,018**	28,755
	161,922	105,631
Prepayments	**10,862**	13,500
	172,784	119,131
Less: non-current portion:		
Trade receivables	**4,724**	15,399
Non-current trade and other receivables	**4,724**	15,399
Current trade and other receivables	**168,060**	103,732

Net trade receivables include transfer fees receivable from other football clubs of £29,214,000 (2017: £46,343,000) of which £4,724,000 (2017: £15,399,000) is receivable after more than one year. Net trade receivables also include £77,357,000 (2017: £26,241,000) of deferred revenue that is contractually payable to the Group, but recorded in advance of the earnings process, with corresponding amounts recorded as deferred revenue liabilities.

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to foreign currency risk, interest rate risk and credit risk can be found in note 31.

The fair value of net trade receivables as at 30 June 2018 was £124,050,000 (2017: £77,351,000) before discounting of cash flows. The fair value of other receivables is not materially different to their carrying amount.

20 Cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	**242,022**	290,267

Cash and cash equivalents for the purposes of the consolidated statement of cash flows are as above.

Notes to the consolidated financial statements (continued)

21 Share capital

	Number of shares (thousands)	Ordinary shares £'000
At 1 July 2016	164,025	52
Employee share-based compensation awards – issue of shares	170	1
At 30 June 2017	164,195	53
Employee share-based compensation awards – issue of shares	331	-
At 30 June 2018	**164,526**	**53**

The Company has two classes of ordinary shares outstanding: Class A ordinary shares and Class B ordinary shares, each with a par value of $0.0005 per share. The rights of the holders of Class A ordinary shares and Class B ordinary shares are identical, except with respect to voting and conversion. Each Class A ordinary share is entitled to one vote per share and is not convertible into any other shares. Each Class B ordinary share is entitled to 10 votes per share and is convertible into one Class A ordinary share at any time. In addition, Class B ordinary shares will automatically convert into Class A ordinary shares upon certain transfers and other events, including upon the date when holders of all Class B ordinary shares cease to hold Class B ordinary shares representing, in the aggregate, at least 10% of the total number of Class A and Class B ordinary shares outstanding. For special resolutions (which are required for certain important matters including mergers and changes to the Company's governing documents), which require the vote of two-thirds of the votes cast, at any time that Class B ordinary shares remain outstanding, the voting power permitted to be exercised by the holders of the Class B ordinary shares will be weighted such that the Class B ordinary shares shall represent, in the aggregate, 67% of the voting power of all shareholders. All shares issued by the Company are fully paid.

As of 30 June 2018, the Company's issued share capital comprised 40,526,390 Class A ordinary shares and 124,000,000 Class B ordinary shares.

Notes to the consolidated financial statements (continued)

22 Share-based payments

The Company operates a share-based award plan, the 2012 Equity Incentive Award Plan (the "Equity Plan"), established in 2012. Under the Equity Plan, 16,000,000 shares of our Class A ordinary shares have initially been reserved for issuance pursuant to a variety of share-based awards, including share options, share appreciation rights, or SARs, restricted share awards, restricted share unit awards, deferred share awards, deferred share unit awards, dividend equivalent awards, share payment awards and other share-based awards. Of these reserved shares, 15,115,703 remain available for issuance.

Certain directors, members of executive management and selected employees have been awarded Class A ordinary shares, pursuant to the Equity Plan. These shares are subject to varying vesting schedules over multi-year periods. Employees are not entitled to dividends until the awards vest. The fair value of these shares was the quoted market price on the date of award, adjusted where applicable for expected dividends i.e. the fair value of the awards was reduced. It is assumed that semi-annual dividends will be paid for the foreseeable future. The Company may choose whether to settle the awards wholly in shares or reduce the number of shares awarded by a value equal to the recipient's liability to any income tax and social security contributions that would arise if all the shares due to vest had vested. Accordingly the awards may be either equity-settled or cash-settled.

Movements in the number of share awards outstanding and therefore potentially issuable as new shares are as follows:

	Number of Class A ordinary shares
At 1 July 2017	295,913
Awarded	121,408
Forfeited	(2,532)
Vested	(331,636)
At 30 June 2018	83,153

The fair value of the shares awarded during the year was $20.42 (£15.48) per share.

For the year ended 30 June 2018 the Group recognized total expenses related to equity-settled share-based payment transactions of £2,915,000 (2017: £2,187,000; 2016: £1,795,000) and total expenses related to cash-settled share-based payment transactions of £3,301,000 (2017: £1,903,000; 2016: £1,539,000).

Notes to the consolidated financial statements (continued)

23 Trade and other payables

	2018	2017
	£'000	£'000
Trade payables	**266,316**	191,359
Other payables	**4,754**	3,258
Accrued expenses	**83,280**	61,162
	354,350	255,779
Social security and other taxes	**17,917**	18,123
	372,267	273,902
Less: non-current portion:		
Trade payables	**102,067**	82,866
Other payables	**2,204**	721
Non-current trade and other payables	**104,271**	83,587
Current trade and other payables	**267,996**	190,315

Trade payables include transfer fees and other associated costs in relation to the acquisition of registrations of £258,316,000 (2017: £179,133,000) of which £102,067,000 (2017: £82,866,000) is due after more than one year. Of the amount due after more than one year, £65,495,000 (2017: £76,821,000) is expected to be paid between 1 and 2 years, and the balance of £36,572,000 (2017: £6,045,000) is expected to be paid between 2 and 5 years.

Accrued expenses include £4,795,000 (2017: £3,274,000) related to share-based payment transactions expected to be cash-settled.

The fair value of trade payables as at 30 June 2018 was £270,548,000 (2017: £194,052,000) before discounting of cash flows. The fair value of other payables is not materially different to their carrying amount.

Notes to the consolidated financial statements (continued)

24 Borrowings

	2018 **£'000**	2017 £'000
Senior secured notes	**318,347**	323,113
Secured term loan facility	**168,347**	170,767
Secured bank loan	**3,750**	4,169
Accrued interest on senior secured notes	**5,324**	5,305
	495,768	503,354
Less: non-current portion:		
Senior secured notes	**318,347**	323,113
Secured term loan facility	**168,347**	170,767
Secured bank loan	**-**	3,750
Non-current borrowings	**486,694**	497,630
Current borrowings	**9,074**	5,724

The senior secured notes of £318,347,000 (2017: £323,113,000) is stated net of unamortized issue costs amounting to £3,770,000 (2017: £4,112,000). The outstanding principal amount of the senior secured notes is $425,000,000 (2017: $425,000,000). The senior secured notes have a fixed coupon rate of 3.79% per annum and interest is paid semi-annually. The senior secured notes mature on 25 June 2027.

The Group has the option to redeem the senior secured notes in part, in an amount not less than 5% of the aggregate principal amount of the senior secured notes then outstanding, or in full, at any time at 100% of the principal amount plus a "make-whole" premium of an amount equal to the discounted value (based on the US Treasury rate) of the remaining interest payments due on the senior secured notes up to 25 June 2027.

The senior secured notes were originally issued by MU Finance plc (now known as MU Finance Limited), and were novated to Manchester United Football Club Limited on 14 June 2018. The senior secured notes are guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited and MU Finance Limited (formerly known as MU Finance plc) and are secured against substantially all of the assets of those entities and Manchester United Football Club Limited. These entities are all wholly owned subsidiaries of Manchester United plc.

The secured term loan facility of £168,347,000 (2017: £170,767,000) is stated net of unamortized issue costs amounting to £2,185,000 (2017: £2,470,000). The outstanding principal amount of the secured term loan facility is $225,000,000 (2017: $225,000,000). The secured term loan facility attracts interest of US dollar LIBOR plus an applicable margin of between 1.25% and 1.75% per annum and interest is paid monthly. The remaining balance of the secured term loan facility is repayable on 26 June 2025, although the Group has the option to repay the secured term loan facility at any time.

The secured term loan facility was originally provided to MU Finance plc (now known as MU Finance Limited), and was novated to Manchester United Football Club Limited on 14 June 2018. The secured term loan facility is guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited, MU Finance Limited (formerly known as MU Finance plc) and Manchester United Football Club Limited and is secured against substantially all of the assets of each of those entities. These entities are all wholly owned subsidiaries of Manchester United plc.

The secured bank loan of £3,750,000 (2017: £4,169,000) comprises a bank loan within Alderley Urban Investments Limited, a subsidiary of Manchester United Limited, that attracts interest of LIBOR + 1% per annum. £106,000 (2017: £525,000) is repayable in quarterly installments through to July 2018, with the remaining balance of £3,644,000 (2017: £3,644,000) being re-payable at par on 9 July 2018. The loan is secured by way of a first legal charge over a Group investment property, known as the Manchester International Freight Terminal, and the loan is also guaranteed by Manchester United Limited.

Notes to the consolidated financial statements (continued)

24 Borrowings (continued)

The Group also has an undrawn committed revolving borrowing facility of up to £125,000,000 plus (subject to certain conditions) the ability to incur a further £25,000,000 by way of incremental facilities. The facility terminates on 26 June 2021 (although it may be possible for any incremental facilities to terminate after such date). Drawdowns would attract interest of LIBOR or EURIBOR plus an applicable margin of between 1.25% and 1.75% per annum (depending on the total net leverage ratio at that time). No drawdowns were made from these facilities during 2018 or 2017.

The Group's revolving facility, the secured term loan facility and the note purchase agreement governing the senior secured notes each contain certain covenants, including a financial maintenance covenant that requires the Group to maintain a consolidated profit/loss for the period before depreciation, amortization of, and profit on disposal of, registrations, exceptional items, net finance costs and tax ("EBITDA") of not less than £65 million for each 12 month testing period, as well as customary covenants, including (but not limited to) restrictions on incurring additional indebtedness; paying dividends or making other distributions, repurchasing or redeeming our capital stock or making other restricted payments; selling assets, including capital stock of restricted subsidiaries; entering into agreements that restrict distributions of restricted subsidiaries; consolidating, merging, selling or otherwise disposing of all or substantially all assets; entering into sale and leaseback transactions; entering into transactions with affiliates; and incurring liens. As of 30 June 2018, the Group was in compliance with all covenants under its revolving facility, the secured term loan facility and the note purchase agreement governing the senior secured notes.

Analysis of changes in net debt

Net debt is defined as non-current and current borrowings minus cash and cash equivalents. Net debt is a financial performance indicator that is used by the Group's management to monitor liquidity risk. The Group believes that net debt is meaningful for investors as it provides a clear overview of the net indebtedness position of the Group and is used by the Chief Operating Decision Maker in managing the business.

The following tables provide a reconciliation of the movement in the Group's net debt.

	At 1 July 2017 £'000	Cash flows £'000	Non-cash movements £'000	**At 30 June 2018 £'000**
Non-current borrowings	497,630	-	(10,936)	**486,694**
Current borrowings	5,724	(17,083)	20,433	**9,074**
Less: cash and cash equivalents	(290,267)	48,420	(175)	**(242,022)**
	213,087	31,337	9,322	**253,746**

Non-cash movements largely comprise a foreign exchange gain arising on translation of the US dollar denominated secured term loan facility and senior secured notes, amortization of debt issue costs and the movement on accrued interest on senior secured notes, partially offset by a foreign exchange gain arising on translation of foreign currency denominated cash and cash equivalents.

	At 1 July 2016 £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2017 £'000
Non-current borrowings	484,528	-	13,102	497,630
Current borrowings	5,564	(16,660)	16,820	5,724
Less: cash and cash equivalents	(229,194)	(53,002)	(8,071)	(290,267)
	260,898	(69,662)	21,851	213,087

Non-cash movements largely comprise a foreign exchange loss arising on translation of the US dollar denominated secured term loan facility and senior secured notes, amortization of debt issue costs and the movement on accrued interest on senior secured notes, partially offset by a foreign exchange gain arising on translation of foreign currency denominated cash and cash equivalents.

Notes to the consolidated financial statements (continued)

25 Deferred tax

Deferred tax assets and deferred tax liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after allowable offset):

	2018 £'000	2017 £'000
US deferred tax assets	**(63,974)**	(142,107)
UK deferred tax liabilities	**28,559**	20,828
At 30 June	**(35,415)**	(121,279)

The movement in deferred tax assets and deferred tax liabilities during the year is as follows:

	2018 £'000	2017 £'000
At 1 July	**(121,279)**	(131,096)
Expensed/(credited) to income statement (note 10)	**63,425**	(7,115)
Expensed to other comprehensive income	**21,892**	16,932
Reclassification to tax receivable	**547**	-
At 30 June	**(35,415)**	(121,279)

The current year reclassification to tax receivable relates to alternative minimum tax payable which prior to the US tax reform was expected to be offset against future US tax liabilities. Following US tax reform (substantively enacted on 22 December 2017) this is now expected to be repaid to the Group.

The movement in US net deferred tax assets are as follows:

	Foreign tax credits £'000	**Net operating losses £'000**	**Unrealized foreign exchange and derivative movements £'000**	**Intangible assets £'000**	**Deferred revenue £'000**	**Other[1] £'000**	**Total £'000**
At 1 July 2016	(26,776)	(21,658)	(27,838)	(60,591)	(5,163)	(3,434)	(145,460)
(Credited)/expensed to income statement (note 10)	(14,354)	20,588	(5,702)	13,344	(10,296)	(1,991)	1,589
Expensed to other comprehensive income (note 10)	1,083	-	681	-	-	-	1,764
At 30 June 2017	(40,047)	(1,070)	(32,859)	(47,247)	(15,459)	(5,425)	(142,107)
Expensed/(credited) to income statement (note 10)	13,504	(2,096)	11,931	26,026	7,732	2,869	59,966
(Credited)/expensed to other comprehensive income (note 10)	(4,271)	(233)	22,124	-	-	-	17,620
Reclassification to tax receivable	-	-	-	-	-	547	547
At 30 June 2018	**(30,814)**	**(3,399)**	**1,196**	**(21,221)**	**(7,727)**	**(2,009)**	**(63,974)**

[1] The "Other" deferred tax asset balance of £2,009,000 primarily comprises bad debt provision not allowed until written off of £2,017,000, provisions not allowed until paid of £3,747,000, and upwards revaluation of tax bases of real estate at the time of the IPO in 2012 of £2,830,000, partially offset by temporary differences arising on depreciation of £6,704,000.

Notes to the consolidated financial statements (continued)

25 Deferred tax (continued)

Deferred tax assets are recognized only to the extent that it is probable that there will be sufficient future taxable profits available against which temporary differences can be utilized. There is an unrecognized deferred tax asset of £19,610,000 as at 30 June 2018 (2017: £nil) in respect of foreign tax credits in the US.

The movement in UK net deferred tax liabilities are as follows:

	Accelerated tax depreciation £'000	Rolled over gain on player disposal £'000	Non qualifying property £'000	Property fair value adjustment £'000	Net operating losses £'000	Other[1] £'000	Total £'000
At 1 July 2016	684	3,258	12,605	14,829	(1,795)	(15,217)	14,364
Expensed/(credited) to income statement (note 10)	152	1,918	(704)	(1,253)	1,768	(10,585)	(8,704)
Expensed to other comprehensive income (note 10)	-	-	-	-	-	15,168	15,168
At 30 June 2017	836	5,176	11,901	13,576	(27)	(10,634)	20,828
(Credited)/expensed to income statement (note 10)	(31)	2,213	(3)	(429)	(85)	1,794	3,459
Expensed to other comprehensive income (note 10)	-	-	-	-	-	4,272	4,272
At 30 June 2018	**805**	**7,389**	**11,898**	**13,147**	**(112)**	**(4,568)**	**28,559**

[1] The "Other" deferred tax asset balance of £4,568,000 primarily comprises losses carried forward arising from UK tax legislation introduced during the year ended 30 June 2017.

Deferred tax assets are recognized on losses carried forward only to the extent that it is probable that they will be available for use against future profits and that there will be sufficient future taxable profit available against which the temporary differences can be utilised. At 30 June 2018 the Group had no unrecognized UK deferred tax assets (2017: £nil).

Notes to the consolidated financial statements (continued)

26 Cash generated from operations

	Notes	**2018 £'000**	2017 £'000	2016 £'000
Profit before tax		**26,097**	56,538	48,833
Adjustments for:				
Depreciation	13, 14	**10,755**	10,228	10,079
Impairment (reversal)/charge	6	**-**	(4,753)	6,693
Amortization	15	**138,380**	124,434	88,009
(Profit)/loss on disposal of intangible assets		**(18,119)**	(10,926)	9,786
Net finance costs		**18,038**	24,277	20,017
(Profit)/loss on disposal of property, plant and equipment		**(81)**	43	126
Equity-settled share-based payments	22	**2,915**	2,187	1,795
Foreign exchange losses/(gains) on operating activities		**994**	2,646	(7,660)
Reclassified from hedging reserve		**14,395**	4,765	1,382
Changes in working capital:				
Inventories		**221**	(711)	(926)
Trade and other receivables[1]		**(72,027)**	17,525	(31,741)
Trade and other payables and deferred revenue[1]		**(1,964)**	25,506	54,471
Cash generated from operations		**119,604**	251,759	200,864

(1) These amounts exclude non-cash movements and movements in respect of items reported elsewhere in the consolidated statement of cash flows, primarily in investing activities (where the timing of acquisitions and disposals and related cash flows can differ), resulting in:

- an increase in changes to trade and other receivables of £18,374,000 (2017: reduction of £3,224,000; 2016: reduction of £20,676,000); and
- an increase in changes to trade and other payables and deferred revenue of £74,088,000 (2017: reduction of £26,428,000; 2016: reduction of £26,838,000).

27 Contingencies

At 30 June 2018, the Group had no material contingent liabilities in respect of legal claims arising in the ordinary course of business. Contingent fees are disclosed in note 29.2.

Notes to the consolidated financial statements (continued)

28 Operating lease arrangements

28.1 The group as lessee

The Group leases various premises and plant and equipment under non-cancellable operating lease agreements. The majority of the lease agreements are renewable at the end of the lease period at market rate. The lease expenditure charged to the income statement during the year is disclosed in note 5. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 **£'000**	2017 £'000
No later than 1 year	**1,756**	2,256
Later than 1 year and no later than 5 years	**2,739**	4,557
Later than 5 years	**3,866**	3,968
	8,361	10,781

28.2 The group as lessor

The Group leases out its investment properties. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2018 **£'000**	2017 £'000
No later than 1 year	**1,278**	1,257
Later than 1 year and no later than 5 years	**2,866**	4,617
Later than 5 years	**9,550**	9,929
	13,694	15,803

Notes to the consolidated financial statements (continued)

29 Capital commitments and contingent fees

29.1 Capital commitments

As of 30 June 2018, the Group had capital commitments relating to property, plant and equipment amounting to £4.1 million (2017: £6.8 million) and to other intangible assets amounting to £nil (2017: £nil).

29.2 Contingent fees

Under the terms of certain contracts with other football clubs and agents in respect of player transfers, additional amounts, in excess of the amounts included in the cost of registrations, would be payable by the Group if certain substantive performance conditions are met. These excess amounts are only recognized within the cost of registrations when the Company considers that it is probable that the condition related to the payment will be achieved. The maximum additional amounts that could be payable is £66,411,000 (2017: £44,633,000). No material adjustment was required to the amounts included in the cost of registrations during the year (2017: no material adjustments) and consequently there was no material impact on the amortization of registration charges in the income statement (2017: no material impact). As of 30 June 2018 the potential amount payable by type of condition and category of player was:

	First team squad £'000	**Other £'000**	**Total £'000**
Type of condition:			
MUFC appearances/team success/new contract	46,827	8,194	55,021
International appearances	11,343	47	11,390
	58,170	**8,241**	**66,411**

As of 30 June 2017 the potential amount payable by type of condition and category of player was:

	First team squad £'000	**Other £'000**	**Total £'000**
Type of condition:			
MUFC appearances/team success/new contract	26,845	6,453	33,298
International appearances	11,288	47	11,335
	38,133	6,500	44,633

Similarly, under the terms of contracts with other football clubs for player transfers, additional amounts would be payable to the Group if certain specific performance conditions are met. In accordance with the recognition criteria for contingent assets, such amounts are only disclosed by the Group when probable and recognized when virtually certain. As of 30 June 2018, the amount of such receipt considered to be probable was £2.4 million (2017: £0.8 million).

Notes to the consolidated financial statements (continued)

30 Pension arrangements

30.1 Defined benefit scheme

The Group participates in the Football League Pension and Life Assurance Scheme (‘the Scheme’). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Group is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme. The Group has received confirmation that the assets and liabilities of the Scheme cannot be split between the participating employers. The Group is advised only of the additional contributions it is required to pay to make good the deficit. These contributions could increase in the future if one or more of the participating employers exits the Scheme.

The last triennial actuarial valuation of the Scheme was carried out at 31 August 2017 where the total deficit on the ongoing valuation basis was £30.4 million. The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Group pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

A charge of £1,917,000 (2017: £nil; 2016: £nil) has been made to the income statement during the year, representing the present value of the additional contributions the Group is expected to pay to remedy the revised deficit of the Scheme.

The Group currently pays total contributions of £459,000 per annum and this amount will increase by 5% per annum from September 2019. Based on the actuarial valuation assumptions, this will be sufficient to pay off the deficit by 31 October 2023.

As of 30 June 2018, the present value of the Group’s outstanding contributions (i.e. its future liability) is £2,638,000 (2017: £1,146,000). This amounts to £434,000 (2017: £425,000) due within one year and £2,204,000 (2017: £721,000) due after more than one year and is included within other payables.

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2017), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members’ future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

Upon the wind-up of the Scheme with a surplus, any surplus will be used to augment benefits. Under the more likely scenario of there being a deficit, this will be split amongst the clubs in line with their contribution schedule. Should an individual club choose to leave the Scheme, they would be required to pay their share of the deficit based on a proxy buyout basis (i.e. valuing the benefits on a basis consistent with buying out the benefits with an insurance company).

30.2 Defined contribution schemes

Contributions made to defined contribution pension arrangements are charged to the income statement in the period in which they become payable and for the year ended 30 June 2018 amounted to £2,686,000 (2017: £2,435,000; 2016: £2,427,000). As at 30 June 2018, contributions of £295,000 (2017: £284,000) due in respect of the current reporting period had not been paid over to the pension schemes.

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

Notes to the consolidated financial statements (continued)

31 Financial risk management

31.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The policy for each of the above risks is described in more detail below.

a) Market risk

(i) Currency risk

The Group is exposed to the following currency risks:

- Significant revenue received in Euros primarily as a result of participation in UEFA competitions. During the year ended 30 June 2018 the Group received a total of €43.4 million of revenue denominated in Euros (2017: €47.2 million; 2016: €48.1 million). The Group seeks to hedge the majority of the currency risk of this revenue either by using contracted future currency expenses (including player transfer fee commitments) or by placing forward contracts, at the point at which it becomes reasonably certain that it will receive the revenue.
- Significant amount of commercial revenue denominated in US dollars. During the year ended 30 June 2018 the Group recognized a total of $164.4 million of revenue denominated in US dollars (2017: $157.9 million; 2016: $182.6 million). The currency risk on these US dollar revenues is hedged to the extent possible (see note 31.2 below).
- Risks arising from the US dollar denominated secured term loan facility and senior secured notes (see note 24). At 30 June 2018 the secured term loan facility and senior secured notes included principal amounts of $650,000,000 (2017: $650,000,000) denominated in US dollars. The currency risk on these US dollar borrowings (net of the Group's US dollar cash balances) is hedged to the extent possible (see note 31.2 below). Interest is paid on these borrowings in US dollars.
- Payments and receipts of transfer fees may also give rise to foreign currency exposures. Due to the nature of player transfers the Group may not always be able to predict such cash flows until the transfer has taken place. Where possible and depending on the payment profile of transfer fees payable and receivable the Group will seek to hedge future payments and receipts at the point it becomes reasonably certain that the payments will be made or the income will be received. When hedging income to be received, the Group also takes account of the credit risk of the counterparty.

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The following table details the forward foreign currency contracts outstanding at the balance sheet date:

	2018				2017			
	Average exchange rate	**Foreign currency €'000**	**Notional value £'000**	**Fair value £'000**	Average exchange rate	Foreign currency €'000	Notional value £'000	Fair value £'000
Buy Euro	**1.1523**	**(46,000)**	**(39,919)**	**852**	1.1647	(115,283)	(98,980)	3,170
Sell Euro	**-**	**-**	**-**	**-**	1.3262	10,000	7,540	(1,253)

Notes to the consolidated financial statements (continued)

31 Financial risk management (continued)

a) Market risk (continued)

The carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities are as follows:

	2018		2017	
	Euro	**US Dollar**	Euro	US Dollar
	€'000	**$'000**	€'000	$'000
Monetary assets	**82,073**	**292,168**	70,457	244,826
Monetary liabilities	**(154,951)**	**(650,531)**	(185,960)	(654,507)
	(72,878)	**(358,363)**	(115,503)	(409,681)

At 30 June 2018:

- if pounds sterling had strengthened by 10% against the Euro, with all other variables held constant, equity and post-tax profit for the year would have been £4.2 million higher (2017: £6.0 million higher).
- if pounds sterling had weakened by 10% against the Euro, with all other variables held constant, equity and post-tax profit for the year would have been £5.2 million lower (2017: £7.3 million lower).
- if pounds sterling had strengthened by 10% against the US dollar, with all other variables held constant, equity and post-tax profit for the year would have been £17.8 million higher (2017: £18.6 million higher).
- if pounds sterling had weakened by 10% against the US dollar, with all other variables held constant, equity and post-tax profit for the year would have been £21.7 million lower (2017: £22.8 million lower).

The Group also has a number of embedded foreign exchange derivatives in host Commercial revenue contracts. These are recognized separately in the financial statements at fair value since they are not closely related to the host contract. As of 30 June 2018 the fair value of such derivatives was a net asset of £624,000 (2017: £1,714,000).

(ii) Interest rate risk

The Group has no significant interest bearing assets other than cash on deposit which attracts interest at a small margin above UK base rates.

The Group's interest rate risk arises from its borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are denominated in US dollar and pounds sterling. Full details of the Group's borrowings and associated interest rates can be found in note 24.

The Group manages its cash flow interest rate risk where considered appropriate using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Consequently, the impact on equity and post-tax profit of a 1.0% shift in interest rates would not be material to any periods presented. Details of the interest rate swaps committed to at the balance sheet date are provided in note 31.2 below.

Notes to the consolidated financial statements (continued)

31 Financial risk management (continued)

b) Credit risk

Credit risk is managed on a Group basis and arises from favorable derivative financial instruments, trade and other receivables (excluding prepayments) and cash and cash equivalents. Management does not expect any material losses from non-performance by these counterparties.

A substantial majority of the Group's Broadcasting revenue is derived from media contracts negotiated by the Premier League and UEFA with media distributors, and although the Premier League obtains guarantees to support certain of its media contracts, typically in the form of letters of credit issued by commercial banks, it remains the Group's single largest credit exposure. The Group derives commercial and sponsorship revenue from certain corporate sponsors, including global, regional, mobile, media and supplier sponsors in respect of which the Group may manage its credit risk by seeking advance payments, installments and/or bank guarantees where appropriate. The substantial majority of this revenue is derived from a limited number of sources. The Group is also exposed to other football clubs globally for the payment of transfer fees on players. Depending on the transaction, some of these fees are paid to the Group in installments. The Group tries to manage its credit risk with respect to those clubs by requiring payments in advance or, in the case of payments on installment, requiring bank guarantees on such payments in certain circumstances. However, the Group cannot ensure these efforts will eliminate its credit exposure to other clubs. A change in credit quality at one of the media broadcasters for the Premier League or UEFA, one of the Group's sponsors or a club to whom the Group has sold a player can increase the risk that such counterparty is unable or unwilling to pay amounts owed to the Group. Derivative financial instruments and cash and cash equivalents are placed with counterparties with a minimum Moody's rating of Aa3.

Credit terms offered by the Group vary depending on the type of sale. For seasonal match day facilities and sponsorship contracts, payment is usually required in advance of the season to which the sale relates. For other sales the credit terms typically range from 14 - 30 days, although specific agreements may be negotiated in individual contracts with terms beyond 30 days. For player transfer activities, credit terms are determined on a contract by contract basis. Of the net total trade receivable balance of £123,797,000 (2017: £76,606,000), £29,214,000 (2017: £46,343,000) relates to amounts receivable from various other football clubs in relation to player trading.

As of 30 June 2018, trade receivables of £111,912,000 (2017: £54,501,000) were neither past due nor impaired. Management considers that, based on historical information about default rates and the current strength of relationships (a number of which are recurring long term relationships) the credit quality of trade receivables that are neither past due nor impaired is good.

As of 30 June 2018, trade receivables of £11,885,000 (2017: £22,104,000) were past due but not impaired. These relate to independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2018 £'000	2017 £'000
Up to 3 months past due	**11,462**	20,670
Over 3 months past due	**423**	1,434
	11,885	22,104

Notes to the consolidated financial statements (continued)

31 Financial risk management (continued)

b) Credit risk (continued)

As of 30 June 2018, trade receivables of £9,708,000 (2017: £14,113,000) were impaired and fully provided for. The ageing of these receivables, based on due date, is as follows:

	2018 **£'000**	2017 £'000
Up to 3 months	**2,772**	5,519
Over 3 months	**6,936**	8,594
	9,708	14,113

Movements on the provision for impairment of trade receivables are as follows:

	2018 **£'000**	2017 £'000
Brought forward	**14,113**	6,451
Provision for receivables impairment	**160**	336
Receivables provided subsequently written off	**(6,943)**	-
Receivables offset against deferred revenue	**2,591**	6,807
Foreign exchange (gains)/losses on retranslation	**(213)**	519
Carried forward	**9,708**	14,113

The creation and release of provision for impaired receivables have been included in 'other operating expenses' in the income statement (note 5).

The other classes within trade and other receivables do not contain impaired assets.

Notes to the consolidated financial statements (continued)

31 Financial risk management (continued)

c) Liquidity risk

The Group's policy is to maintain a balance of continuity of funding and flexibility through the use of secured term loan facilities, senior secured notes and other borrowings as applicable. The annual cash flow is cyclical in nature with a significant portion of cash inflows being received prior to the start of the playing season. Ultimate responsibility for liquidity risk management rests with the executive directors of Manchester United plc. The directors use management information tools including budgets and cash flow forecasts to constantly monitor and manage current and future liquidity.

Cash flow forecasting is performed on a regular basis which includes rolling forecasts of the Group's liquidity requirements to ensure that the Group has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. The Group's borrowing facilities are described in note 24. Financing facilities have been agreed at appropriate levels having regard to the Group's operating cash flows and future development plans.

Surplus cash held by the operating entities over and above that required for working capital management are invested by Group finance in interest bearing current accounts or money market deposits. As of 30 June 2018, the Group held cash and cash equivalents of £242,022,000 (2017: £290,267,000).

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including interest and therefore differs from the carrying amounts in the consolidated balance sheet.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
Trade and other payables excluding social security and other taxes(1)	250,300	67,858	40,280	191
Borrowings	22,449	18,692	56,075	554,448
	272,749	86,550	96,355	554,639
Non-trading(2) and net settled derivative financial instruments:				
cash inflow	(1,600)	(748)	(2,245)	(748)
At 30 June 2018	**271,149**	**85,802**	**94,110**	**553,891**
Trade and other payables excluding social security and other taxes(1)	172,173	71,282	14,981	-
Borrowings	19,463	22,743	37,977	601,218
	191,636	94,025	52,958	601,218
Non-trading(2) and net settled derivative financial instruments:				
cash outflow	2,453	905	281	187
cash inflow	(1,253)	-	-	-
At 30 June 2017	192,836	94,930	53,239	601,405

31 Financial risk management (continued)

c) Liquidity risk (continued)

[(1)] Social security and other taxes are excluded from trade and other payables balance, as this analysis is required only for financial instruments.
[(2)] Non-trading derivatives are included at their fair value at the balance sheet date.

31.2 Hedging activities

The Group uses derivative financial instruments to hedge certain exposures, and has designated certain derivatives as hedges of cash flows (cash flow hedge).

The Group hedges the foreign exchange risk on contracted future US dollar revenues whenever possible using the Group's US dollar net borrowings as the hedging instrument. The foreign exchange gains or losses arising on re-translation of the Group's US dollar net borrowings used in the hedge are initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. Amounts previously recognized in other comprehensive income and accumulated in the hedging reserve are subsequently reclassified into the income statement in the same accounting period, and within the same income statement line (i.e. commercial revenue), as the underlying future US dollar revenues, which given the varying lengths of the commercial revenue contracts will be between July 2018 to June 2023. The foreign exchange gains or losses arising on re-translation of the Group's unhedged US dollar borrowings are recognized in the income statement immediately (within net finance costs). The table below details the net borrowings being hedged at the balance sheet date:

	2018 $'000	2017 $'000
USD borrowings	**650,000**	650,000
Hedged USD cash	**(128,500)**	(125,300)
Net USD debt	**521,500**	524,700
Hedged future USD revenues	**(307,019)**	(299,533)
Unhedged USD borrowings	**214,481**	225,167
Closing exchange rate	**1.3194**	1.2988

The Group hedges its cash flow interest rate risk where considered appropriate using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The effective portion of changes in the fair value of the interest rate swap is initially recognized in other comprehensive income, rather than being recognized in the income statement immediately. Amounts previously recognized in other comprehensive income and accumulated in the hedging reserve are subsequently reclassified into the income statement in the same accounting period, and within the same income statement line (i.e. finance costs), as the underlying interest payments, which given the term of the swap will be between July 2018 to June 2024. The following table details the interest rate swaps at the balance sheet date that are used to hedge borrowings:

	2018	2017
Current hedged principal value of loan outstanding ($'000)	**150,000**	225,000
Rate received	**1 month $ LIBOR**	1 month $ LIBOR
Rate paid	**Fixed 2.032%**	Fixed 2.032%
Expiry date	**30 June 2024**	30 June 2024

Notes to the consolidated financial statements (continued)

31 Financial risk management (continued)

As of 30 June 2018 the fair value of the above interest rate swaps was an asset of £4,490,000 (2017: liability of £655,000).

The Group seeks to hedge the majority of the currency risk on revenue arising as a result of participation in UEFA competitions, either by using contracted future foreign currency expenses (including player transfer fee commitments) or by placing forward foreign exchange contracts, at the point at which it becomes reasonably certain that it will receive the revenue.

Details of movements on the hedging reserve are as follows:

	Future US dollar revenues £'000	Interest rate swap £'000	Other £'000	Total, before tax £'000	Tax £'000	Total, after tax £'000
Balance at 1 July 2015	7,383	(111)	-	7,272	(2,543)	4,729
Foreign exchange differences on hedged currency risks	(49,808)	-	-	(49,808)	-	(49,808)
Reclassified to income statement	1,382	2,665	-	4,047	-	4,047
Fair value movement	-	(12,264)	-	(12,264)	-	(12,264)
Tax impact	-	-	-	-	20,307	20,307
Movement recognized in other comprehensive loss	(48,426)	(9,599)	-	(58,025)	20,307	(37,718)
Balance at 30 June 2016	(41,043)	(9,710)	-	(50,753)	17,764	(32,989)
Foreign exchange differences on hedged currency risks	(11,998)	-	124	(11,874)	-	(11,874)
Reclassified to income statement	5,040	-	(275)	4,765	-	4,765
Fair value movement	-	9,055	-	9,055	-	9,055
Tax impact	-	-	-	-	(681)	(681)
Movement recognized in other comprehensive income	(6,958)	9,055	(151)	1,946	(681)	1,265
Balance at 30 June 2017	(48,001)	(655)	(151)	(48,807)	17,083	(31,724)
Foreign exchange differences on hedged currency risks	6,522	-	(184)	6,338	-	6,338
Reclassified to income statement	14,272	-	123	14,395	-	14,395
Fair value movement	-	5,145	-	5,145	-	5,145
Tax impact	-	-	-	-	(21,892)	(21,892)
Movement recognized in other comprehensive income	20,794	5,145	(61)	25,878	(21,892)	3,986
Balance at 30 June 2018	**(27,207)**	**4,490**	**(212)**	**(22,929)**	**(4,809)**	**(27,738)**

Based on exchange rates existing as of 30 June 2018, a 10% appreciation of the UK pounds sterling compared to the US dollar would have resulted in a credit to the hedging reserve in respect of future US dollar revenues of approximately £21,154,000 (2017: £20,966,000) before tax. Conversely, a 10% depreciation of the UK pounds sterling compared to the US dollar would have resulted in a debit to the hedging reserve in respect of US dollar future revenues of approximately £25,855,000 (2017: £25,625,000) before tax.

Notes to the consolidated financial statements (continued)

31 Financial risk management (continued)

31.3 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. Capital is calculated as "equity" as shown in the balance sheet plus net debt. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the balance sheet) less cash and cash equivalents and is used by management in monitoring the net indebtedness of the Group. A reconciliation of net debt is shown in note 24.

As of 30 June 2018, the Group had total borrowings of £495.8 million (2017: £503.4 million). As described in note 24 above, the Group's revolving facility, the secured term loan facility and the note purchase agreement governing the senior secured notes each contain certain covenants that restrict the activities of Red Football Limited and its subsidiaries. As of 30 June 2018, the Group was in compliance with all covenants under its revolving facility, the secured term loan facility and the note purchase agreement governing the senior secured notes.

31.4 Fair value estimation

The following table presents the financial instruments carried at fair value. The different levels used in measuring fair value have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	2018 **£'000**	2017 £'000
Assets		
Derivative used for hedging (note 18):		
Interest rate swaps	**4,490**	-
Derivatives at fair value through profit or loss (note 18):		
Embedded foreign exchange derivatives	**624**	1,714
Forward foreign exchange contracts	**852**	3,170
Liabilities		
Derivative used for hedging (note 18):		
Interest rate swaps	-	(655)
Derivatives at fair value through profit or loss (note 18):		
Forward foreign exchange contracts	-	(1,253)
	5,966	2,976

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is categorised as Level 2.

Notes to the consolidated financial statements (continued)

31 Financial risk management (continued)

31.4 Fair value estimation (continued)

All of the financial instruments detailed above are categorised as Level 2. Specific valuation techniques used include:

- The fair value of embedded foreign exchange derivatives is determined as the change in the fair value of the embedded derivative at the contract inception date and the fair value of the embedded derivative at the balance sheet date; the fair value of the embedded derivative is determined using forward exchange rates with the resulting value discounted to present value;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

32 Related party transactions

Trusts and other entities controlled by six lineal descendants of Mr. Malcolm Glazer collectively own 7.45% of our issued and outstanding Class A ordinary shares and all of our issued and outstanding Class B ordinary shares, representing 97.07% of the voting power of our outstanding capital stock.

Notes to the consolidated financial statements (continued)

33 Subsidiaries

The following companies are the subsidiary undertakings of the Company as of 30 June 2018:

Subsidiaries	Principal activity	% of ownership interest
Red Football Finance Limited*	Finance company	100
Red Football Holdings Limited*	Holding company	100
Red Football Shareholder Limited	Holding company	100
Red Football Joint Venture Limited	Holding company	100
Red Football Limited	Holding company	100
Red Football Junior Limited	Holding company	100
Manchester United Limited	Holding company	100
Alderley Urban Investments Limited	Property investment	100
Manchester United Commercial Enterprises (Ireland) Limited	Dormant company	100
Manchester United Football Club Limited	Professional football club	100
Manchester United Women's Football Club Limited	Professional football club	100
Manchester United Interactive Limited	Dormant company	100
MU 099 Limited	Dormant company	100
MU Commercial Holdings Limited	Holding company	100
MU Commercial Holdings Junior Limited	Holding company	100
MU Finance Limited (formerly known as MU Finance plc)	Finance company	100
MU RAML Limited	Retail and licensing company	100
MUTV Limited	Media company	100
RAML USA LLC	Retail company	100

* Direct investment of Manchester United plc, others are held by subsidiary undertakings.

All of the above are incorporated and operate in England and Wales, with the exception of Red Football Finance Limited which is incorporated and operates in the Cayman Islands, Manchester United Commercial Enterprises (Ireland) Limited which is incorporated in Ireland and RAML USA LLC which is incorporated in the state of Delaware in the United States. The registered office or principal executive office of all the above, with the exception of Manchester United Commercial Enterprises (Ireland) Limited and RAML USA LLC, is Sir Matt Busby Way, Old Trafford, Manchester, M16 0RA, United Kingdom. The registered office of Manchester United Commercial Enterprises (Ireland) Limited is 4th Floor, 8-34 Percy Place, Dublin 4, Republic of Ireland. The registered office of RAML USA LLC is Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, USA.

Notes to the consolidated financial statements (continued)

34 Events after the balance sheet date

34.1 Registrations

The playing registrations of certain footballers have been disposed of, subsequent to 30 June 2018, for total proceeds, net of associated costs, of £19,920,000. The associated net book value was £1,297,000. Also subsequent to 30 June 2018, Solidarity contributions, sell-on fees and contingent consideration totalling £3,557,000, became receivable in respect of previous playing registration disposals.

Subsequent to 30 June 2018 the playing registrations of certain players were acquired or extended for a total consideration, including associated costs, of £2,388,000. Also subsequent to 30 June 2018, sell-on fees and contingent consideration totalling £520,000, became payable in respect of previous playing registration acquisitions. Payments are due within the next 5 years.

35 Additional information – Financial Statement Schedule I

Schedule I has been provided pursuant to the requirements of Securities and Exchange Commission ("SEC") Regulation S-X Rule 12-04(a), which require condensed financial information as to financial position, cash flows and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented, as the restricted net assets of Manchester United plc's consolidated subsidiaries as of 30 June 2018 exceeded the 25% threshold.

As of 30 June 2018, the Group had total borrowings of £495.8 million (2017: £503.4 million). As described in note 24 above, the Group's revolving facility, the secured term loan facility and the note purchase agreement governing the senior secured notes each contain certain covenants that restrict the activities of Red Football Limited and its subsidiaries, including restricted payment covenants. The restricted payment covenants allow dividends in certain circumstances, including to the extent dividends do not exceed 50% of the cumulative consolidated net income of Red Football Limited and its restricted subsidiaries, provided there is no event of default and Red Football Limited is able to meet the principal and interest payments on its debt under a fixed charge coverage test. As of 30 June 2018, the Group was in compliance with the restricted payment covenants and all other covenants under its revolving facility, the secured term loan facility and the note purchase agreement governing the senior secured notes.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with International Financial Reporting Standards have been condensed or omitted. The footnote disclosures contain supplemental information only and, as such, these statements should be read in conjunction with the notes to the accompanying consolidated financial statements.

The condensed financial information has been prepared using the same accounting policies as set out in the consolidated financial statements, except that investments in subsidiaries are included at cost less any provision for impairment in value.

As of 30 June 2018, 2017 and 2016 there were no material contingencies, significant provisions of long-term obligations, mandatory dividend or redemption requirements of redeemable stocks or guarantees of the Company, except for those which have been separately disclosed in the consolidated financial statements, if any.

During the year ended 30 June 2018, cash dividends equivalent to $0.18 (2017: $0.18; 2016: $0.18) per share were declared and paid by the Company. The pounds sterling equivalents were £0.13 (2017: £0.14; 2016: £0.12) per share.

Notes to the consolidated financial statements (continued)

35 Additional information – Financial Statement Schedule I (continued)

Condensed income statement of the Company

	Year ended 30 June		
	2018	2017	2016
	£'000	£'000	£'000
Revenue	**-**	-	-
Operating expenses	**(3,423)**	(2,013)	(84)
Exceptional items	**-**	-	-
Operating loss	**(3,423)**	(2,013)	(84)
Income from shares in group undertakings	**21,982**	23,295	20,084
Profit on ordinary activities before tax	**18,559**	21,282	20,000
Tax expense	**-**	-	-
Profit for the year	**18,559**	21,282	20,000

There were no items of other comprehensive loss or income in the years ended 30 June 2018, 2017 or 2016 and therefore no statement of comprehensive income has been presented.

Notes to the consolidated financial statements (continued)

35 Additional information – Financial Statement Schedule I (continued)

Condensed balance sheet of the Company

	As of 30 June	
	2018	2017
	£'000	£'000
ASSETS		
Non-current assets		
Investment in subsidiaries	**319,265**	319,265
	319,265	319,265
Current assets		
Other receivables	**1,314**	1,123
Cash and cash equivalents	**340**	522
	1,654	1,645
Total assets	**320,919**	320,910
EQUITY AND LIABILITIES		
Equity		
Share capital	**53**	53
Share premium	**68,822**	68,822
Retained earnings	**247,806**	248,314
	316,681	317,189
Current liabilities		
Other payables	**4,238**	3,721
	4,238	3,721
Total equity and liabilities	**320,919**	320,910

Notes to the consolidated financial statements (continued)

35 Additional information – Financial Statement Schedule I (continued)

Condensed statement of changes in equity of the Company

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2015	52	68,822	246,429	315,303
Profit for the year	-	-	20,000	20,000
Total comprehensive income for the year	-	-	20,000	20,000
Equity-settled share based payments	-	-	1,795	1,795
Dividends paid	-	-	(20,084)	(20,084)
Balance at 30 June 2016	52	68,822	248,140	317,014
Profit for the year	-	-	21,282	21,282
Total comprehensive income for the year	-	-	21,282	21,282
Equity-settled share based payments	-	-	2,187	2,187
Dividends paid	-	-	(23,295)	(23,295)
Proceeds from shares issued	1	-	-	1
Balance at 30 June 2017	**53**	**68,822**	**248,314**	**317,189**
Profit for the year	-	-	18,559	18,559
Total comprehensive income for the year	-	-	18,559	18,559
Equity-settled share based payments	-	-	2,915	2,915
Dividends paid	-	-	(21,982)	(21,982)
Balance at 30 June 2018	**53**	**68,822**	**247,806**	**316,681**

Notes to the consolidated financial statements (continued)

35 Additional information – Financial Statement Schedule I (continued)

Condensed statement of cash flows of the Company

	Year ended 30 June		
	2018	2017	2016
	£'000	£'000	£'000
Cash flows from operating activities			
Profit before tax	**18,559**	21,282	20,000
Adjustments for:			
Equity-settled share-based payments	**2,915**	2,187	1,795
Foreign exchange losses on operating activities	**114**	42	-
Changes in working capital:			
Other receivables	**(191)**	(998)	(124)
Other payables	**517**	1,125	(1,590)
Net cash generated from operating activities	**21,914**	23,638	20,081
Cash flows from financing activities			
Dividends paid	**(21,982)**	(23,295)	(20,084)
Net cash used in financing activities	**(21,982)**	(23,295)	(20,084)
Net (decrease)/increase in cash and cash equivalents	**(68)**	343	(3)
Cash and cash equivalents at beginning of year	**522**	221	224
Exchange losses on cash and cash equivalents	**(114)**	(42)	-
Cash and cash equivalents at end of year	**340**	522	221

The following reconciliations are provided as additional information to satisfy the Schedule I SEC requirements for parent-only financial information.

	2018	2017	2016
	£'000	£'000	£'000
IFRS profit/(loss) reconciliation:			
Parent only – IFRS profit for the year	**18,559**	21,282	20,000
Additional (loss)/profit if subsidiaries had been accounted for on the equity method of accounting as opposed to cost	**(55,829)**	17,895	16,371
Consolidated IFRS (loss)/profit for the year	**(37,270)**	39,177	36,371
IFRS equity reconciliation:			
Parent only – IFRS equity	**316,681**	317,189	317,014
Additional profit if subsidiaries had been accounted for on the equity method of accounting as opposed to cost	**108,585**	160,428	141,268
Consolidated – IFRS equity	**425,266**	477,617	458,282

EXHIBITS

1.1 Amended and Restated Memorandum and Articles of Association of Manchester United plc dated as of 8 August 2012 (included as Exhibit 3.1 to our Registration Statement on Form F-1/A (File No. 333-182535), filed with the SEC on 30 July 2012, as amended).

2.1 Specimen Ordinary Share Certificate of Manchester United plc (included as Exhibit 4.1 to our Registration Statement on Form F-1/A (File No. 333-182535), filed with the SEC on 30 July 2012, as amended).

4.1 Agreement, dated 19 May 2008, between The Royal Bank of Scotland plc, as agent for National Westminster Bank plc, and Alderley Urban Investments (included as Exhibit 10.3 to our Registration Statement on Form F-1/A (File No. 333-182535), filed with the SEC on 16 July 2012, as amended).

4.2 Third Amendment and Restatement Agreement relating to the Secured Term Facility, dated June 14, 2018, among Red Football Limited, MU Finance plc (now known as MU Finance Limited), Manchester United Football Club Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender.

4.3 Accession Deed to Secured Term Facility, dated June 14, 2018, from Manchester United Football Club Limited and Red Football Limited to Bank of America Merrill Lynch International Limited, as Agent.

4.4 Revolving Facilities Agreement, dated 22 May 2015, among Red Football Limited, MU Finance plc (now known as MU Finance Limited), the guarantors party thereto, Bank of America, N.A., as Arranger, the Original Lenders named therein, and Bank of America Merrill Lynch International Limited, as Agent and Security Trustee (included as Exhibit 10.2 to our Registration Statement on Form F-3 (File No. 333-206985), filed with the SEC on 17 September 2015).

4.5 Revolving Facilities Amendment Letter, dated 7 October 2015, between Red Football Limited and Bank of America Merrill Lynch International Limited, as Agent and Lender (included as Exhibit 4.8 to our Annual Report on Form 20-F (File No. 333-183277), filed with the SEC on 15 October 2015).

4.6 Accession Deed to Revolving Facilities Agreement, dated June 14, 2018, from Manchester United Football Club Limited and Red Football Limited to Bank of America Merrill Lynch International Limited, as Agent.

4.7 Note Purchase Agreement, dated 27 May 2015, among MU Finance plc (now known as MU Finance Limited), the guarantors party thereto, the purchasers listed therein and the Bank of New York Mellon, as Paying Agent (included as Exhibit 4.3 to our Registration Statement on Form F-3 (File No. 333-206985), filed with the SEC on 17 September 2015).

4.8 Amendment No. 1 to Note Purchase Agreement, and Consent No. 1, dated June 14, 2018, among MU Finance plc (now known as MU Finance Limited), the guarantors party thereto, the noteholders listed on the signature pages thereto and the Bank of New York Mellon, as Paying Agent.

4.9 Form of 3.79% Senior Secured Note due June 26, 2027 (included as Exhibit 1 to Exhibit 4.8).

4.10 2012 Equity Incentive Award Plan (included as Exhibit 4.2 to our Registration Statement on Form S-8 (File No. 333-183277), filed with the SEC on 13 August 2012).

4.11 Premier League Handbook, Season 2017/18 (included as Exhibit 4.10 to our Annual Report on Form 20-F (File No. 001-35627), filed with the SEC on 13 October 2017).

4.12 Premier League Handbook, Season 2018/19.

8.1 List of significant subsidiaries (included in note 33 to our audited consolidated financial statements included in this Annual Report).

12.1 Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.

12.2 Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.

13.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

13.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of PricewaterhouseCoopers LLP, dated 28 September, 2018.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Label Linkbase Document.
101.PRE	XBRL Taxonomy Presentation Linkbase Document.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Manchester United plc
(Registrant)

Date: 28 September 2018	By:	/s/ Edward Woodward
	Name:	Edward Woodward
	Title:	Executive Vice Chairman

Exhibit 12.1

CERTIFICATION

I, Joel Glazer, certify that:

1. I have reviewed this annual report on Form 20-F of Manchester United plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: 28 September 2018

By: /s/ Joel Glazer
Joel Glazer
Executive Co-Chairman
(Principal Executive Officer)

Exhibit 12.2

CERTIFICATION

I, Cliff Baty, certify that:

1. I have reviewed this annual report on Form 20-F of Manchester United plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: 28 September 2018

By: /s/ Cliff Baty
Cliff Baty
Chief Financial Officer
(Principal Financial Officer)

Exhibit 13.1

CERTIFICATION PURSUANT TO 18 U.S.C SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report on Form 20-F of Manchester United plc (the “Company”) for the fiscal year ended 30 June 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joel Glazer, Executive Co-Chairman of the Company and Principal Executive Officer, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(i) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 28 September 2018

By: /s/ Joel Glazer
Joel Glazer
Executive Co-Chairman
(Principal Executive Officer)

Exhibit 13.2

CERTIFICATION PURSUANT TO 18 U.S.C SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report on Form 20-F of Manchester United plc (the "Company") for the fiscal year ended 30 June 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cliff Baty, Chief Financial Officer of the Company and Principal Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(i) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 28 September 2018

By: /s/ Cliff Baty
Cliff Baty
Chief Financial Officer
(Principal Financial Officer)

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-183277) of Manchester United plc of our report dated 28 September 2018 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers LLP

Manchester, United Kingdom
28 September 2018