Manchester United
Striving to be the best on and off the pitch

Annual Report 2004

At Manchester United, our vision is to be the best football club both on and off the pitch. With committed and loyal staff, passionate support from our fans, both inside the stadium and worldwide and our proven financial discipline, we believe we can continue to provide long-term growth for shareholders and further playing success.

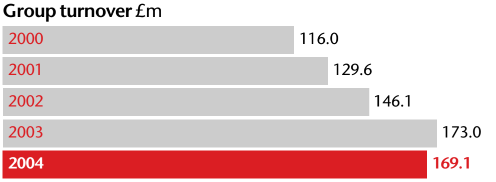
Highlights

- Group turnover in line with expectations of £169 million (£173 million), underpinned by strong demand for games at Old Trafford where all 25 games sold out.
- Operating profit before depreciation and player amortisation increased 5.9 per cent to £58.3 million (£55.1 million).
- PBT of £27.9 million (£39.3 million) and EPS of 7.4 pence (11.5 pence) – impacted by profit on sale of Beckham being re-invested and amortised in 2004.
- Progressive growth in full year basic dividend – up 6 per cent to 2.65 pence (2.5 pence) – 12th consecutive year of growth.

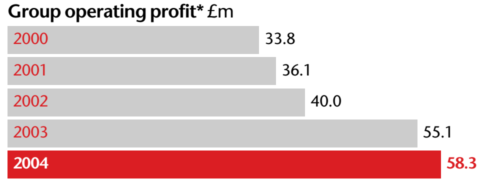
	2004	2003
Group turnover (£m)	**169.1**	173.0
Group operating profit* (£m)	**58.3**	55.1
Profit before taxation (£m)	**27.9**	39.3
Earnings per share (pence)	**7.4**	11.5
Basic dividend per share (pence)	**2.65**	2.50
Special dividend per share (pence)	–	1.50

* Before depreciation and amortisation of players and after exceptional items.

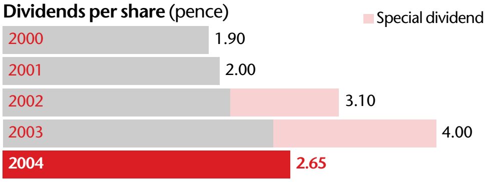
Group turnover £m



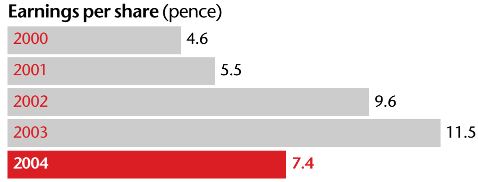
Group operating profit* £m



Dividends per share (pence)

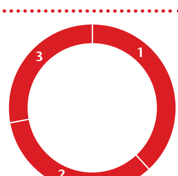


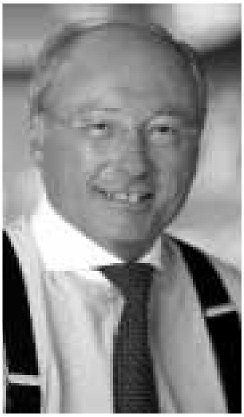
Earnings per share (pence)



Turnover breakdown

1	Media	37%
2	Matchday	36%
3	Commercial	27%





Running a football club as a business

Manchester United has built a sound business on the heritage of a great football club and its unique record of success under Sir Alex Ferguson.

Sir Roy Gardner Chairman

The results for the 12 months to 31 July 2004 illustrate Manchester United's unique strength as both a business and a football club. We have demonstrated our ability to deal with new challenges whilst continuing to strive to be the best both on and off the pitch. These strengths helped us win the FA Cup for a record 11th time and, shortly after the year end, secure the services of the most exciting young English player of the last decade, Wayne Rooney.

Group turnover

Turnover of £169 million (2003 £173 million) was underpinned by continued strong demand for our games at Old Trafford, where all 25 games in the period sold out, and by our partnerships with Nike, Vodafone and other sponsors. We enjoy a strong relationship with our fans and partners, a critical success factor which we work hard to develop as it helps protect us against the variability in media revenues, which are driven by central negotiations outside of our control, and by our progression in the competitions. Our revenues benefited in 2003/4 from an increased share of the English TV pool for the Champions League (as a result of winning the Premiership in 2002/3) and the new 3-year deal between UEFA and Sky/ITV for those rights. These factors partially offset the drop in turnover compared to last year resulting from fewer games at Old Trafford and the one-off benefits in last year of the Nike contract and the Champions League final held at Old Trafford.

Group profits

Operating profit before depreciation and player amortisation increased by 5.9 per cent to £58.3 million (2003 £55.1 million). This record performance was the result of increased media revenues, as well as cost discipline. Total staff costs were £76.9 million (2003 £79.5 million), reflecting last summer's first team squad restructuring. As a percentage of revenue, staff costs represented 45 per cent (2003 46 per cent), well below our target rate of 50 per cent.

Player amortisation, which is calculated by spreading the cost of acquiring new player registrations over the players' contract period, rose to £21.8 million (2003 £21.0 million). This reflects our continued investment in new players, including the re-investment of the proceeds from last year's sale of David Beckham. During the year we made net cash payments for acquiring players of £28.8 million, bringing the total cash investment (net of disposal income) to £110 million over the last five years.

Group operating profit was £29.9 million (2003 £26.8 million). This was reduced by player trading losses of £3.1 million (2003 profit of £12.9 million), which included a £4.5 million write-off of unamortised costs of acquisitions and £2.9 million in payments to players on termination of their contracts, partially offset by £4.3 million in net proceeds from players disposals.

Final dividend

The Board is recommending a final basic dividend of 1.4 pence per share which would bring the total basic dividend to 2.65 pence per share (2003 2.5 pence per share) an increase of 6 per cent over last year. The Board has considered whether a special dividend should again be paid this year (2003 1.5 pence per share). It has been our policy to pay a special dividend only when the team performance produces higher levels of profits and the cash generated is in excess of the projected business needs. In view of our recently announced plans for further expansion of the stadium, the Board has decided not to recommend a special dividend this year.

Stadium expansion

In March 2004 we announced a feasibility study to expand the stadium in the North East and North West quadrants. This project continues to progress well with £2.8 million already spent on preliminary works to divert services and develop the detailed plans. As a result of this study, the total expected cost of the project has been reduced to £39 million (previously estimated at £45 million) and the projected number of seats we expect to add has increased to 7,800, giving a stadium capacity of 75,600 at the start of the 2006/7 season. We submitted a planning application to Trafford Metropolitan Borough Council on 10 September 2004 and are currently awaiting the outcome of their consideration.

Corporate governance – player transactions

During the year the Board reviewed its processes surrounding transfers and wage negotiations. The Board sets the parameters for player trading and contract negotiations, monitors closely the progression of negotiations, and approves all major transfers and contracts. All detailed negotiations are carried out by the Chief Executive, David Gill, who consults with the Team Manager, Sir Alex Ferguson and the Board. Sir Alex is responsible for identifying and recommending squad changes.

Our target of managing total staff costs to turnover ratio to around 50 per cent helps the Company in managing the balance between the squad composition and the long-term financial viability of the Club. The Board monitors the average age of the first team squad to prevent the need for wholesale changes in the future since the balance between stability and evolution is essential for a successful club. The annual net expenditure budget for player registration acquisitions is set in advance of each financial year, taking into consideration the overall market conditions, the expected financial performance of the Company, and the Manager's view of the current profile of the squad. The Company's success to date has been built on working within the cash generation capabilities of the business, without the use of long-term debt, to evolve the composition of the squad.

As we set out in our statement on the Player Transfer Review on 25 May 2004, we have increased our disclosures on player transfers and seek to set new standards for the industry on transparency over these costs. The financial statements provide full details of these transactions.

Player trading

The last 12 months have been very busy in restructuring the squad. We welcomed Kleberson and Cristiano Ronaldo in August 2003, Louis Saha in January 2004 and Gabriel Heinze, Liam Miller and Alan Smith between May and July 2004. Sebastian Veron, Fabien Barthez, Luke Chadwick, Diego Forlan and Nicky Butt have now all left the Club. The Board would like to record thanks to them all, but in particular to Nicky Butt who won 6 Premierships, 2 FA Cups and a Champions League medal with the Club, while winning 33 caps for England.

The Company's success to date has been built on working within the cash generation capabilities of the business, without the use of long-term debt, to evolve the composition of the squad.

Since the end of the financial year we completed the acquisition of Wayne Rooney from Everton. Wayne Rooney is a player whose skills we have admired for a number of years and his performances at Euro 2004 only increased this interest. Our plans were to bid for the player in summer 2005, but Newcastle United's bid and Everton's subsequent interest in selling him, forced us to accelerate our plans or risk losing him. As a result we have now spent next summer's transfer budget unless players are disposed of to realise cash for re-investment.

Outlook for 2004/5

Short-term results will be affected by a sharp drop in media revenues. Following the latest FAPL TV deals, revenue is expected to fall by around £8 million this year (21 per cent of total FAPL TV revenue for 2003/4) and then stay flat over the following two years. Clearly, the exact amount will depend on our final position in the league and the number of live games on TV, which determines our share of the domestic TV deals.

Having finished third in the 2003/4 season, our media revenues from the Champions League will also reduce by approximately £6 million. As the Champions League TV pools are set for the current and next season, an improved team performance in 2004/5 could see our share of the pool increase in 2005/6.

The overall impact of these two factors on 2004/5 revenues will be a reduction of approximately £14 million (assuming a like-for-like basis of performance), equivalent to 25 per cent of our 2003/4 FAPL and Champions League media revenues. As there are no costs associated with this revenue, this will have a significant impact on our profitability.

We remain committed to managing the staff costs to revenue ratio around the 50 per cent level, although there will inevitably be short-term fluctuation. The impact of both the new FAPL domestic TV deal and the reduction in our share of the Champions League TV pool, as a result of finishing third in the FAPL, will make this an even more demanding challenge. However we still expect our staff costs to be only just over 50 per cent of turnover this year, for a similar level of team performance.

Medium-term strategic plans

In order to grow revenue streams under our control, the Board has agreed five key strategies for the Company.

1. Maintaining playing success

The first of these, which underpins all our plans, is the need to sustain the playing success of the last 12 years. Like our fans, we were disappointed by our performance in the Premiership and Champions League, but our success in winning the FA Cup for the first time since our treble winning season in 1999 came as a welcome reward at the end of a season that had originally promised so much. Going forward, we will continue to invest in our squad and play our sport in the proper spirit and style for which the Club has become famous. At the same time, we will work to preserve the financial strength of the Club by seeking to structure players' pay such that it is increasingly dependent on European Champions League qualification, appearances and team success. No individual player can generate the success to which we aspire, but a strong squad is required to secure European qualification and show progress in each season's Champions League.

2. Treating fans as customers

Our second key strategy is to ensure we treat our fans as customers, offering them a good matchday experience, and a range of additional products and services which meets their interests, while enabling them to demonstrate their affinity with the Club. By working with partners who can promote our membership scheme, our financial services and other products and services, we see good opportunities to grow our relationship with the millions of fans worldwide. During the year our membership scheme, One United, reached 193,000 members (2003 151,000 members).

3. Leveraging the global brand

Thirdly, we continue to work to develop our partnership with our sponsors. Nike for example, has shown its commitment to building our relationship with fans through its subsidiary, Manchester United Merchandising Limited (MUML). They have generated profits in excess of the minimum guarantee over the first two years of our thirteen year deal, staged the worldwide Under-15 Manchester United Premier Cup and launched the Disneyland Paris Soccer School in April. Vodafone has demonstrated the mutual benefits of our association by the renewal of its four-year relationship with the Club for £36 million. Together we will build our MU Mobile business by offering new services to mobile phone users who want to stay in tune with the latest news and events at the Club.

4. Developing media rights

Fourthly, we must use our media rights more effectively, and so are planning to consolidate the management of our delayed video rights, with our matchday media, publications and use of the internet. The unique content that the Club can generate provides an excellent opportunity to build our relationship with our fans around the world by delivering news and images to them wherever, whenever and however they want.

5. Maximising the use of Old Trafford

Finally, the venue of Old Trafford provides unique opportunities to develop new revenues, not just by the planned stadium expansion, but also by continuing to improve the matchday experience for our customers. The installation of electronic point of sale equipment in our kiosks and suites, together with new recruitment and training initiatives should ensure our customers receive a faster, more satisfying service. In addition, the stadium offers a perfect venue for many conferences and events on non-matchdays. Proactive marketing and servicing of those organisations will grow our venue revenues.

It is inevitable that there is some volatility in our results given that a significant portion of our revenue in any year is a function of both the previous and current season's performance. However, this five-pronged strategy is designed to drive consistency and growth in revenues not directly related to team performance. This in turn will allow us to continue investing in players and challenging for trophies.

Running a football club as a business

Manchester United has built a sound business on the heritage of a great football club and its unique record of success under Sir Alex Ferguson. This year, once again, our committed and loyal staff have worked tirelessly to deliver on the high expectations of our fans and partners. This, combined with our proven financial discipline and prudent management of the cash generated by the business, should continue to provide long-term growth for shareholders and further playing success for our fans.

Sir Roy Gardner Chairman
27 September 2004

(Top row, left to right)

Bill Dixon
Club member

Alison Cording
Club member

Maxine Simpson
Fans' Forum

John Hudspeth
Club member

Malcolm Sevren
Fans' Forum

Barbara Blaber
Fans' Forum

Our values underpin our vision to be the best football club in the world both on and off the pitch. We aim to achieve this through our corporate values…

(Bottom row, left to right)

Charlie Anderson
Fan

Steven Humphreys
Club member

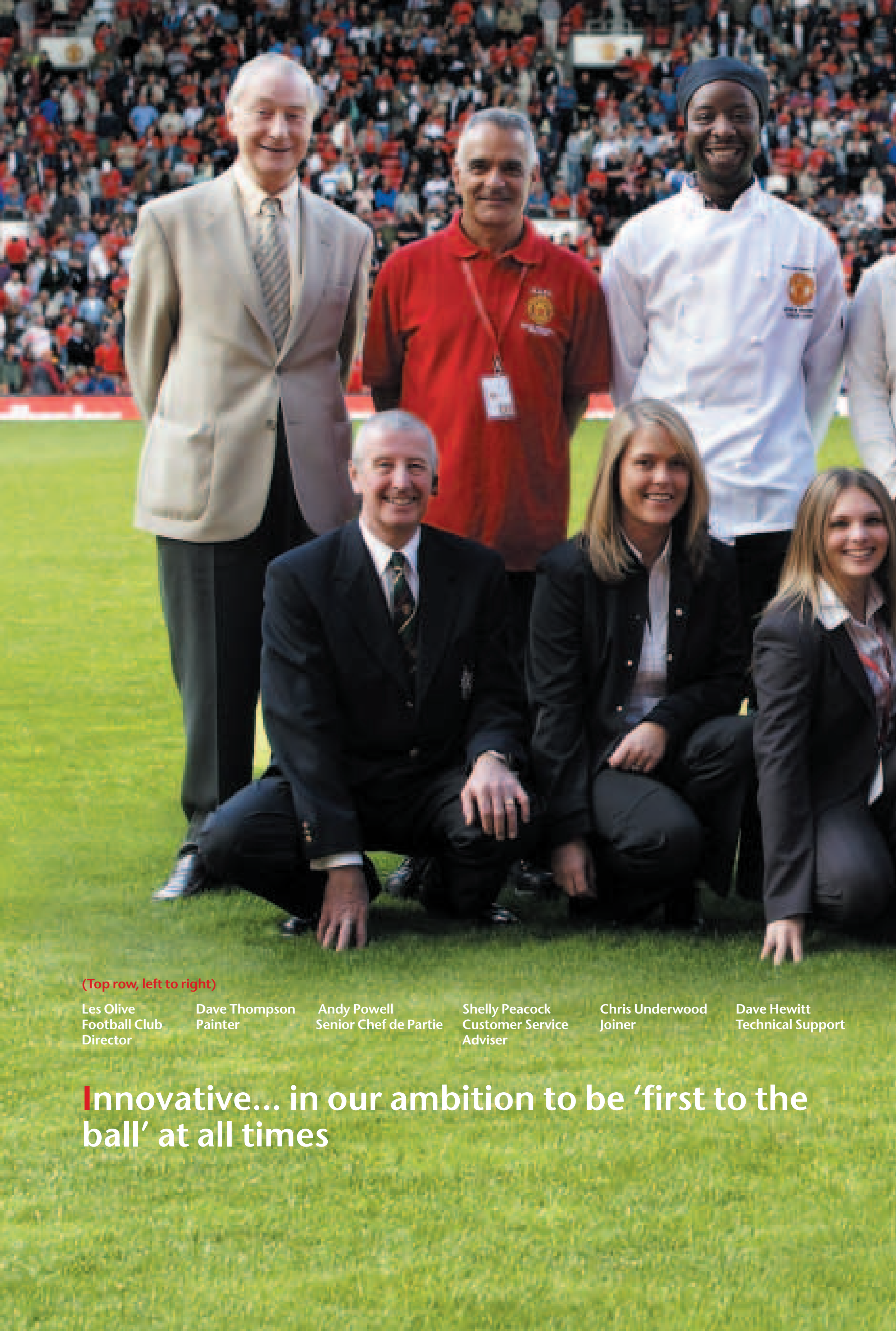
Seb Dixon
Club member

Philip Downs
Fans' Forum

Wendy Andrews
Fans' Forum

United… with our fans in our commitment and passion for the Club

Non-discriminatory… in making Manchester United accessible to all, irrespective of age, race, gender, creed or physical ability



(Top row, left to right)

Les Olive
Football Club
Director

Dave Thompson
Painter

Andy Powell
Senior Chef de Partie

Shelly Peacock
Customer Service
Adviser

Chris Underwood
Joiner

Dave Hewitt
Technical Support

Innovative… in our ambition to be 'first to the ball' at all times

(Bottom row, left to right)

Ken Ramsden
Assistant Club Secretary

Geraldine McKierran
Charities administration assistant

Kate Westwood
Venue sales administrator

Tony Sinclair
Head Groundsman

Alison Watt
Accounts manager

Team orientated... in our desire to work together with the same dedication displayed in every game by our first team squad

(Top row, left to right)

Cristiano Ronaldo
Midfielder

Ruud Van Nistelrooy
Forward

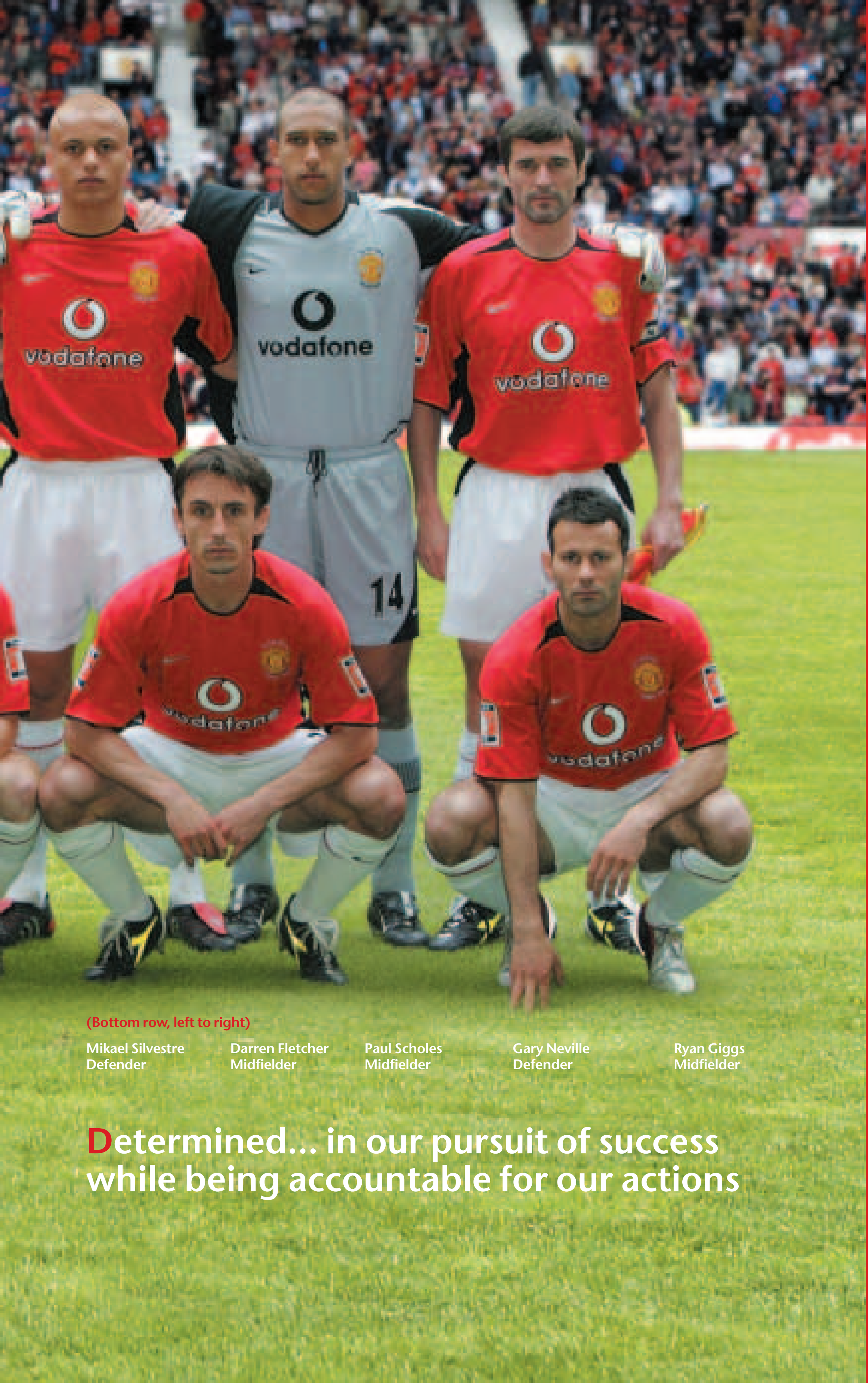
John O'Shea
Defender

Wes Brown
Defender

Tim Howard
Goalkeeper

Roy Keane
Midfielder

Excelling… in our aim to be world-class in everything we do



(Bottom row, left to right)

Mikael Silvestre
Defender

Darren Fletcher
Midfielder

Paul Scholes
Midfielder

Gary Neville
Defender

Ryan Giggs
Midfielder

Determined… in our pursuit of success while being accountable for our actions

Our strategic focus

	Matchday
Maintaining playing success	League and cup success fuels demand for membership and tickets
Treating fans as customers	Improving customer service focus in order to increase appeal of Old Trafford matchday experience and stadium expansion to provide more opportunities for fans to attend
Leveraging the global brand	Sell-out crowds, a world-class venue, together with the new LED perimeter advertising displays, provide the strongest platform for our partners' brand presence
Developing media rights	Matchday experience enhanced by exclusive content in award-winning programme, concourse TVs and stadium announcements
Maximising the use of Old Trafford	Implementation of electronic point of sale equipment to speed up service and increase stock and cash control in stadium

	Media	Commercial
	Playing success guarantees a greater share of media pools and drives supporters to our own media business	Provides a strong foundation for relationships with our commercial partners and increases our future value to them
	Development of a range of integrated cross-platform media products enables fans to keep in touch with United wherever and however they want	Focusing on key markets, a set of new products and services will be developed for fans, to match their needs and requirements
	Global media exposure through TV, websites and mobile supports partners and develops brand awareness with fans	Our worldwide fan base underpins the value of our commercial rights and enables us to develop deeper relationships with our fans
	Exclusive Club content and archive material increase appeal of our cross-platform media businesses to our global fan base	Exposure of partners' brands through Club channels provides effective targeted messages to our fans internationally
	Concourse TV and radio encourages fans to spend longer at the stadium and enhances the experience	Improved food and customer service supports marketing of Old Trafford as the venue for conferences or events

David Gill (middle)
Chief Executive,
Nick Humby (left)
Group Finance Director,
Andy Anson (right)
Commercial Director

Being the best on and off the pitch

In my first 12 months as Chief Executive of Manchester United I have led a complete review of the Company's vision for the future, values to underpin the delivery of that vision, corporate governance processes and internal procedures and the strategic plans for the development of our business. We have already set out earlier in this annual report, our vision of seeking to remain the best football club on and off the pitch, our values that underpin that ambition, and the five key strategic initiatives that will drive our revenue streams. In this, our operating and financial review, we review the detailed initiatives and activities that lie behind these aims.

We have made significant progress during the year on all fronts, but must continue to work hard to deliver our long term goals. I, and my two executive director colleagues, Nick Humby and Andy Anson, are committed to running Manchester United to meet the aspirations of all stakeholders for the benefit of our shareholders.

Maintaining playing success

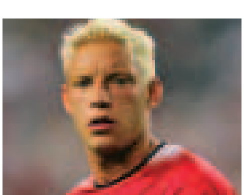
Our season started (after an outstanding USA Tour which enhanced our relationship with our key sponsor Nike and developed the Manchester United brand in the United States) with our first win of the Community Shield for 6 years against Arsenal at the Millennium stadium. Our season progressed well until the suspension of Rio Ferdinand. We were disappointed that our strong squad could not maintain the momentum through to the end of the Premiership season, but were delighted that they competed successfully to win our 11th FA Cup in May.

We have moved since the turn of the year to strengthen our squad further with the acquisition of Louis Saha from Fulham, Liam Miller at the end of his contract from Celtic, Gabriel Heinze from PSG and Alan Smith from Leeds. In addition, we have acquired some highly promising young talent with the acquisition of Gerard Pique from Barcelona and Giuseppe Rossi from Parma. Then, after the year end, we acquired the services of Wayne Rooney for £20 million plus conditional payments and costs. This group of young players will significantly strengthen our playing options in the coming seasons. Full details of these transfers are set out in note 11 of the financial statements. In addition, we are delighted to secure once again the services of Carlos Queiroz as Assistant Manager from 1 July 2004. The Board and the Manager believe that he will greatly assist in preparing and managing the team through the coming season and, despite the relatively poor start, we hope to repeat the success we had in his first season with us when we won the Premiership for an eighth time.

FA Cup victory
May 2004 saw the Club win the FA Cup for a record 11th time, with seven of those wins coming in the last 21 years.

The media continues to associate many players with Manchester United or its rival Chelsea, fuelled by a variety of interested parties. Manchester United tries to avoid adding to the speculation by not making any comment until deals are concluded. The Chairman has already set out in his statement our corporate governance policy in respect of players. We believe the additional disclosures, included this year in response to our internal review, are important benchmarks for other clubs to follow in order to protect them from unfounded allegations and to provide additional transparency over our dealings with agents and players.

New signings
Alan Smith (left), Louis Saha (centre) and Wayne Rooney are among the latest recruits in the Club's quest to remain successful on the pitch.



Maintaining playing success
The Club is committed to bringing the world's best talent to Old Trafford. (left to right) Liam Miller joined from Celtic, Carlos Queiroz rejoined after a season at Real Madrid, while Giuseppe Rossi – one of Europe's most exciting 17 year old strikers – arrived from Parma and Olympic gold medallist Gabriel Heinze from Paris Saint Germain.

Developing media rights

The majority of our media revenues are derived from the core live rights contracts negotiated by the FA Premier League for the Premiership, by UEFA for the Champions League and to a lesser extent by the FA for the FA Cup. This central selling of the collective rights is essential to maintain the integrity of the competitions and to manage a fair and equitable distribution of those revenues to the participating clubs. We fully support this structure and believe it underpins the competitiveness of the competitions in which we participate. However, the development of an integrated strategy to utilise Club rights across all media platforms remains one of our core strategies. The enhancement of delayed or archived images of our games, by internally produced material behind the scenes and involving our players, offers the potential of valuable services to our fans wherever they may be.

We submitted a bid for the delayed rights package which was subsequently sold to BSkyB because we believe that in the longer term the non-live rights should be managed by the clubs. We are developing strong media platforms through which we can utilise these rights to develop new services for our fans.

Our two interactive websites, in English and in Mandarin, continue to deliver information and news to our fans and attract high levels of interaction and interest, (see table 1). Revenues from these sites are being developed from sponsorship, e-commerce, betting and on-demand services. In the year to July 2004, these revenues reached £1.5 million. In conjunction with our new Vodafone sponsorship deal, we have reached an agreement to operate a joint venture with Vodafone, called MU Mobile, to deliver enhanced services to mobile phones for Manchester United fans. We believe there is a strong business opportunity to be developed here.

Table 1

manutd.com

	average page views per month	MU average unique users	minutes average time online per visit
2004	13.0m	1.2m	6.16
2003	14.9m	1.0m	8.43

Manchester United is unique in the Premier League in having a seven days per week pay TV channel, MUTV, in joint venture with BSkyB and Granada. Subscriptions to this service, which are organised through BSkyB, averaged 95,000 during our financial year. The venture has been funded by our partners after our initial £1 million investment and, although accounting standards require us to recognise our share of the losses, we currently have no liability to meet the ongoing cost of this venture. We believe there is upside potential from MUTV and that it provides a valuable service to our fans. We are working with our partners to deliver and unlock that value.

During the coming year we plan to reorganise all these activities under one MU Media organisation and create a business which oversees the content creation and the distribution through these platforms.

Champions League
Under the new Champions League deal starting in season 2003/4 the Club gets to use delayed rights in support of its multimedia platforms.

MU Mobile
MU Mobile continues to deliver SMS messages to various fans, keeping them in touch with developments at the Club from ticket availability, cup draws and action from the matches. But in addition, under the recently extended agreement, Vodafone intends to enhance this offering by launching 3G services.

MUTV
The channel showed live games from the USA Tour during the year and the addition of these exclusive live pictures was a major driver for new subscribers to the channel.

Leveraging the global brand

The strong media appeal of Manchester United and the global fan base, which exceeds 75 million, provides us with the opportunity to develop and enhance our partnership relationships. The announcement in November 2003 of the new Vodafone partnership for £36 million over four years (compared to £30 million in the previous four years) reflects the strength and success of the previous relationship. In addition to the bundle of rights secured under the previous contract, the additional value paid by Vodafone for the new contract, gave them the right to sponsor the Vodafone Tournament of Champions held on 3 and 5 August 2004 at Old Trafford and enables them to be the main sponsor of our interactive website.

In addition, under the new contract, Vodafone has acquired the personal image rights of Ruud Van Nistelrooy and Cristiano Ronaldo for use on its mobile services.

The second year of our 13-year Nike deal has seen further progression by Nike in building our brand. The last financial year included the launch of two away shirts and the second year of Nike's inaugural home shirt. This produced sales and profits that enabled Manchester United Merchandising Limited (MUML), the Nike 100 per cent subsidiary, to exceed its first two years' minimum guarantee payments, having sold over 3.8 million replica shirts in the first 22 months of the agreement.

In addition, the launch of Soccer Schools in Disneyland Paris and Hong Kong provides a new revenue opportunity and develops the link between Manchester United and fans in these territories.

The new home shirt for the season 2004/5 was launched on 16 July 2004. In addition, the Manchester United Premier Cup, a worldwide competition for under 15 year olds, culminated with the final at Old Trafford during the three days of the Vodafone Cup. We are working with Nike to target key territories where the opportunity exists to grow both the revenues and profits of MUML and of Manchester United itself.

Premier Cup launch
As part of the new arrangements with Nike, they re-branded their previous Nike Cup youth tournament, the Manchester United Premier Cup and the final stages of this worldwide competition were held in Manchester with the final itself, between Manchester City and Manchester United, being played at Old Trafford.

Vodafone Cup
August 2004 saw the start of the inaugural tournament of the Vodafone Cup at Old Trafford with visiting teams, PSV Eindhoven, Uwara Reds and Boca Juniors, competing over two nights against each other. Despite the weather, the tournament showed the potential for a new use of the stadium.

Nike
To promote the launch of the new shirt in July 2004, Nike erected a large-scale poster of Ruud van Nistelrooy at the Old Trafford stadium.

New kit launch
In July 2004, Nike launched their second home shirt at their megastore in the stadium. The first two year cycle achieved record sales of over 3.8 million shirts.

Our platinum sponsors contributed a total of £5.5 million (2003 £5.2 million) during the financial year. The majority of this income is under contract for a further two years. However, following the end of our Terra Lycos sponsorship in June 2004, we are delighted that Audi has agreed to become a new platinum sponsor for seasons 2004/5 and 2005/6. This new association with such a prestigious global brand reflects the type of exciting partnership to which we aspire.

As part of our commitment to enhance the media exposure of our partners' brands, we have, during the summer, installed LED digital boards around three sides of the pitch at a cost of £2 million. These innovative advertising boards will increase the value of our current sponsorship rights and lead, we believe, to further enhancements in the value of these rights in the future.

LED digital boards
During the summer the Club invested £2 million in installing the first digital boards in club football in England. These boards will be valuable enhancements to the sponsorship rights as we develop them in the coming years.

Treating fans as customers

Our fans, whether regular visitors to Old Trafford or TV viewers from around the world, are passionate and loyal to the team. We continue to put significant time and effort into both learning more about who they are and what they want and to providing an improved level of service to them whenever or wherever they come into contact with us. Our Customer Relationship Management (CRM) database now has over two and a half million fan records which we have segmented into groups to tailor communication and product offerings to their individual aspirations and needs (see table 2).

Our fans as customers
A major strategic focus for the Club is to work to improve the contact the Club has with its fans, be that on a matchday in the stadium, buying food or drinks from the Red Café or in a kiosk, shopping in the megastore or receiving services over the internet or through the post from One United.

Table 2

CRM summary	'000
Matchday customers	197
Non-matchday customers	110
Total current customers	307
Lapsed customers	350
Potential customers	1,931
Total fan records	2,588

CRM summary
With over 2.5 million data records at 31 July 2004 we remain on target for 3.5 million fan records by the end of 2005. The segmentation process is now advanced so we can deliver a tailored message to each fan group.

The largest group are those fans with whom the Club has limited commercial relationships. At the other extreme there are many loyal fans whom our research tells us want and take all services that Manchester United can offer. Our initial aim is to encourage as many fans as we can to take up the 'One United Membership Scheme', either as a matchday member seeking the right to acquire tickets for Old Trafford, or as a non-matchday member receiving an enhanced package of information and behind-the-scenes content to bring alive the Old Trafford experience for those who cannot be visitors. During its first season, the membership of One United reached 193,000 and we aim to grow this number to over 200,000 during the coming 12 months.

MU Finance offers fans 'best of breed' financial products from leading financial providers, but with the opportunity to enhance those products with unique Manchester United benefits. The total number of customer products sold reached 118,000 during the financial year, representing a total transaction value of £236 million on which we receive commission. The new credit card, rolled out internationally, reached 32,000, whilst the domestic card is now held by over 60,000 people. Mortgage products were taken up by 750 fans representing a total value of £84 million, and the new MU loan account was utilised by 3,500 people in renewing their season tickets at Old Trafford. This product gives fans five months' interest-free credit on their season ticket acquisition renewal.

Our licensed partner for One United Cafés opened the first two restaurants in Beijing and Chengdu in China, and closer to Old Trafford, the Red Cinema in Salford continues to grow attendances at the Lowry Centre.

We continue to invest heavily in the training of all our staff to emphasise the need to provide a good quality customer service to our fans in whatever contact they have with the Club. The passion of our fans means they can have demanding expectations which are sometimes impossible to fulfil. The way in which we deal with those is nevertheless an important signal of our intent to manage and deliver a better service in all areas of our business.

Member pack
The relaunched membership scheme One United reached 193,000 members during the year. Further changes were made during the second year of the scheme, including the introduction of an exclusive DVD for non-matchday members.

Credit card launch
As well as in the UK where our provider is MBNA Europe Bank, the Manchester United credit card is now available in southern Africa, Ireland, USA, Greece and Malaysia through our partnership with Barclaycard International, with further launches scheduled for the coming year.

Red Cinema
Red Cinema has grown in popularity during the year as a result of creating a unique environment in which Manchester United fans can enjoy the latest blockbuster movie release.

Maximising the use of Old Trafford

This strategy is focused on enhancing the value and experience of visiting Old Trafford on a matchday or on a non-matchday event. The Fans' Forum, which meets four times a year, and our annual Fans' Satisfaction Survey, gives us a strong indication of the issues that the fans want us to address as a priority. It is in response to this feedback that we introduced the away tickets loyalty pot as a way of allocating tickets to those who regularly attend our away games. We have introduced a new season ticket refund scheme enabling our regular fans who cannot get to every game to obtain a partial refund by the Club facilitating the on-selling of their ticket for a particular match. New initiatives to improve customer service are being rolled out during the first half of the 2004/5 season in the 48 kiosks and 19 suites around the stadium. The electronic point of sale equipment (EPOS), which is a £700,000 investment, is designed to improve both the speed of service and the internal controls relating to the cash and stock passing through those facilities. It will provide better quality information about the flow rates of customers and products that are sold in each kiosk.

We are delighted to have secured the right to host four England World Cup qualifiers, two in each of the current and next financial year, which is an endorsement of the size and quality of Old Trafford. However, after these games, future England matches and FA Cup semi-finals will be played at the re-developed Wembley stadium. We will continue to look for other major events that use the stadium capacity to full effect.

For Manchester United's 19 FA Premier League, four Champions League and two Domestic Cup games at Old Trafford, the total attendances were 1.68 million, a virtual sell-out of every game. In addition we were recognised by the Premier League Fans' Satisfaction Survey as providing great value tickets. The strategy of increasing the range and stretch of ticket prices for access to Old Trafford means that the lowest priced adult ticket for the 2003/4 season was £20.00 ranging to a highest of £28.00. On average 12,500 fans' requests were unfulfilled for games this season, with a peak of 29,000 for the Rangers game in November 2003. We will continue to increase the range of prices for tickets at Old Trafford and this demand has encouraged us to plan to expand the stadium. This project, which is now subject to planning permission, would add 7,800 seats to the stadium, bringing the capacity to over 75,600. The project cost, including the preliminary expenses already incurred, would be £39 million, producing annual additional matchday revenues from a 23-game sell-out Manchester United season, of £9 million and paying back on these assumptions in a six year

Conferences at Old Trafford
Every year the venue provides an attractive location for corporate and other customers to host great events.

Kiosk with EPOS
In order to improve the speed of service and offer new combination pricing, electronic point of sale equipment is being installed during this season in all kiosks within the stadium.

time frame. In addition, this stadium expansion creates opportunities to further develop the venue as the premier location in the North, to hold events and conferences of any size, from private weddings through to large corporate events including dining up to 1,000 heads.

During the 2003/4 season Manchester United hosted 755 events at Old Trafford, including the Co-Op congress over the three days of the FA Cup final weekend, where our staff had to give up the opportunity to see the team win the FA Cup in order to deliver high-quality service to this important client. This commitment and our further initiatives to improve the offer of food, services and facilities is the bedrock on which we expect to build a substantial new revenue stream for the venue over the coming three to five years.

Our Museum and Tour attraction had 235,000 visitors during the year, a combination of conference and event visitors and general public. The Museum and Tour is more than a record of the heritage and history of Manchester United, it is the opportunity to interact with various exhibits and to see behind the scenes of Old Trafford.

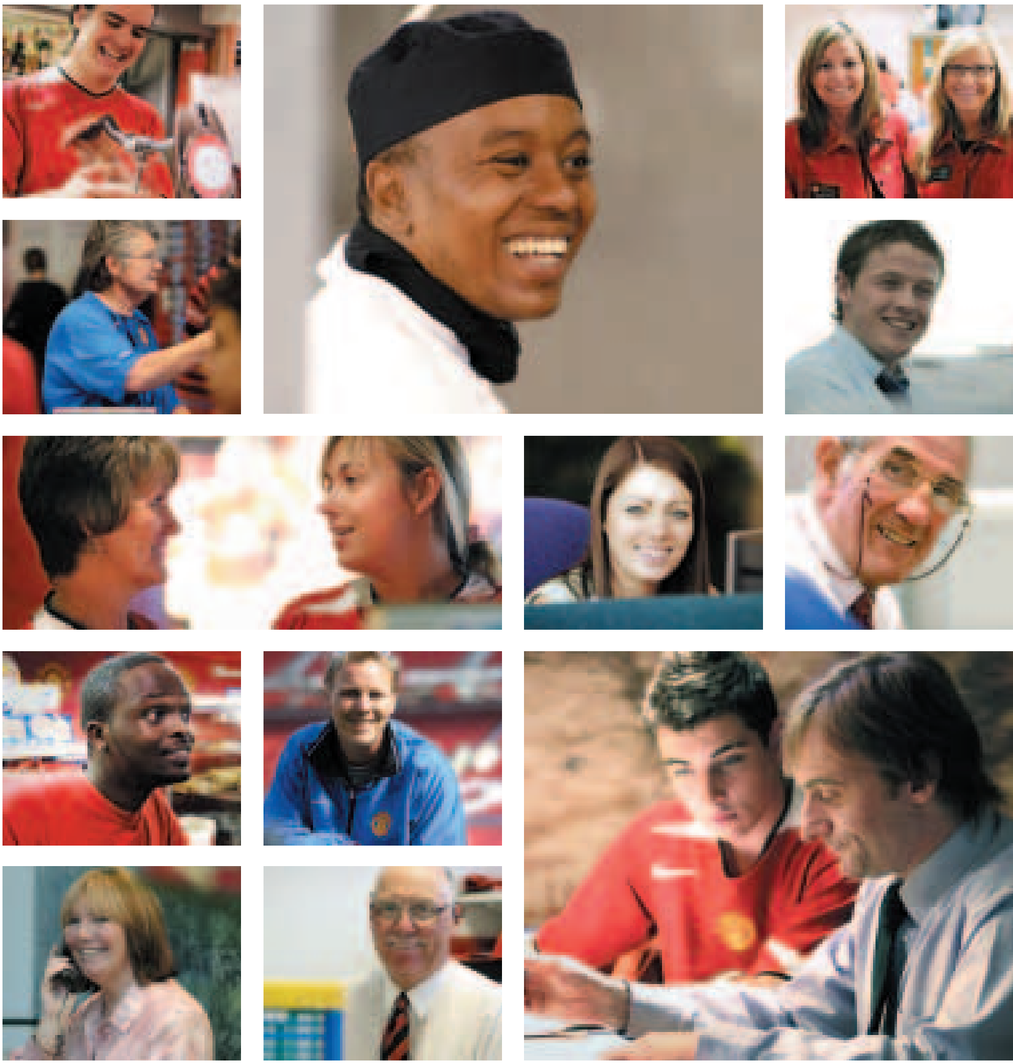
Museum tour
The museum and tour of Old Trafford had 235,000 visitors during the year. The exclusive behind the scenes view of the dressing room makes this one of the most popular destination visits in the UK.

Stadium expansion
An artist's impression of the north east quadrant shows how the new stadium expansion will enhance the already distinctive east stand facade and provide great views to the dining guests in the new lounges. The new stand should be open in August 2006 if planning permission is granted.

Staff and management

The progress we have achieved in the last 12 months in successfully pursuing these strategies could not have been made without our staff. We continue to invest in the internal processes and reward systems in order to attract and retain the best possible staff. With around 500 permanent staff and up to 1,300 matchday staff for games at Old Trafford, we have developed our human resources activities to support this important resource. We have improved our recruitment process with the introduction of an induction video and developed our training through the introduction of Performance Development Reviews for every member of staff in order to align their personal objectives with the Group objectives. We are delighted that the second year of our staff bonus scheme will pay around one month additional pay to every eligible permanent member of staff. Communications with our staff have improved both with the increase in the frequency of our staff newsletter, RedLines, and the revamping of our intranet 'Red Net' as a resource for all members of staff for important information. We continue to ensure that departmental briefings and annual results briefings are available to all staff to keep them up to date with the progress of the Company.



Our staff
Manchester United is proud to have some of the most committed and loyal staff. A good mix of new recruits and many who have served the Club for decades provides energy and stability to enable us to achieve our vision.

Financial review

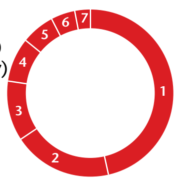
The Chairman's statement has outlined the revenue and earnings achieved during the year. The fall in revenues from the previous financial year of £4 million was mainly attributed to a number of one-off factors in 2002/3. These included the initial benefit of the Nike contract which produced an extra £3.5 million in contractual guarantees for the first 12-month period of the 13-year contract, compared to subsequent years, and the benefit of the Champions League final at Old Trafford in May 2003. As expected, these factors were not repeatable in this financial year; however, the drop in revenues was not as high as might have been expected because of the strong increase in the English Champions League Media Rights pool.

Matchday revenues

During the year the 25 games (2003 33 games) at Old Trafford produced average matchday ticket revenue of £2.0 million, a 17 per cent increase over the average achieved in the previous financial year, reflecting the mix of games and ticket price rises for the year. There were four less Champions League games at Old Trafford in the year and four less domestic home cup games, despite reaching the FA Cup Final.

Matchday revenues

1 **£28.5m** Season tickets (incl. Executive)
2 **£12.2m** League match (incl. hospitality)
3 **£4.9m** European games
4 **£4.8m** Other (incl. tours)
5 **£4.1m** Matchday catering
6 **£3.6m** Domestic cup
7 **£3.1m** Membership and travel



Total matchday turnover £m
(2003 £70.6m)

61.2m

Percentage of total turnover
(2003 41%)

36%

Income from hospitality packages was very strong during the year, despite the lower number of games.

In addition the matchday membership package revenues were £3.1 million reflecting the growth of applications for membership to 193,000.

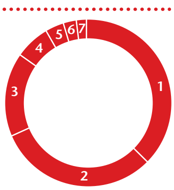
Media revenues

The total value of Manchester United's receipts from the UK domestic TV contracts was £33.8 million (2003 £33.5 million). The increase reflecting the final year of the three year BSkyB contract offset by two places lower in the Premiership and by two less live TV Games. The value of the overseas FAPL TV distribution deal was £2.7 million, an increase of 29 per cent over the previous year, again reflecting the final year of a three year contract.

Our participation in the Group and first knockout stages of the European Champions League produced £20 million of media revenues, compared to £17 million in the previous year. This increase reflects the first year of a new three year Champions League deal, which saw the English TV pool distributed amongst those teams participating in the group stage and beyond, rising to 89 million Swiss Francs with BSkyB showing games for the first time with ITV. This pool is distributed half on the basis of the Club's FAPL position in qualifying for the group stages and half on the basis of our progression compared to other English clubs in the tournament in the season. As the previous FAPL Champions, Manchester United received 45 per cent of this half of this English Pool together with 27 per cent of the other half of the pool as a result of our progression in the tournament.

Media revenues

1 **£22.7m** UK domestic TV live/merit
2 **£20.0m** Champions League
3 **£11.1m** UK domestic TV equal share
4 **£3.7m** Domestic cup games
5 **£2.7m** Overseas (FAPL)
6 **£1.5m** MUI
7 **£0.8m** UK radio



Total media turnover £m
(2003 £56.2m)

62.5m

Percentage of total turnover
(2003 32%)

37%

The consequence of finishing third in the FAPL in 2003/4 is that our share of the pool based on domestic league position reduces to 15 per cent in 2004/5 which, based on current exchange rates, will result in our revenue decreasing by around £6 million.

In the domestic cups we received media revenues of £3.7 million (2003 £1.3 million), reflecting the three live FA Cup games, two live Carling Cup games and our prize money for participating in and winning the FA Cup final at the Millennium stadium.

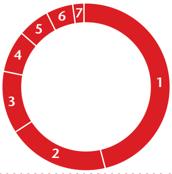
MU Interactive continues to grow its revenues, reaching £1.5 million for the year, a rise of 6 per cent over 2003.

Commercial revenues

Stripping out the £3.5 million Nike revenue referred to above, our commercial revenue was up 6 per cent on the prior year as a result of the increase in the last year of the Vodafone contract and further increases in Platinum sponsorship agreements and MU Finance revenues.

Commercial revenues

1	**£20.8m**	Nike
2	**£9.0m**	Vodafone
3	**£5.5m**	Platinums
4	**£3.5m**	Non-matchday catering
5	**£3.2m**	Other
6	**£2.2m**	MU Finance
7	**£1.1m**	FA Premier League sponsors



Total Commercial turnover £m
(2003 £46.2m)

45.3m

Percentage of total turnover
(2003 27%)

27%

Based on the first two years of the agreement, Nike paid an additional £1.1 million in August 2004, which is the amount by which our 50 per cent share of the profits of the partnership exceeded the minimum guarantee payments. Under the terms of the contract this payment is immediately deducted from the third year minimum guarantee payments. The Group will not recognise in its profit and loss account any excess above the minimum guarantee until there is sufficient evidence that any excess will not be recouped against future minimum guarantees.

Non matchday conference and catering business grew by 13 per cent to £3.5 million and the financial services business grew by 21 per cent to £2.2 million.

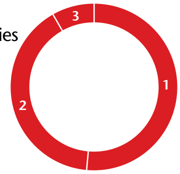
Other commercial revenue includes income from the Museum and Tour, together with royalties from MU Travel and MUTV.

Profit on ordinary activities

Group operating profit before depreciation and player amortisation was £58.3 million (2003 £55.1 million). This increase can be attributed to a more beneficial mix of revenues with a larger proportion of media income being received (with virtually no associated costs) and a lower proportion of matchday income (which, particularly in relation to home domestic cup matches, has significant associated costs as a result of around 55 per cent of the gate receipts being paid to the opposition and the competition organiser).

Group operating profit by competition

1	**£30.0m**	Premiership and other activities
2	**£23.6m**	Champions League
3	**£4.7m**	Domestic cup



The chart above shows the analysis of group operating profit before depreciation and amortisation by competition, having allocated the fixed player wages against the core Premiership activity. This shows the continued importance of the Champions League participation and the relatively low contribution of the domestic cup competitions. Reaching the group stages of the Champions League each year remains a minimum level of performance for the Club, from both the financial and a playing point of view.

Within operating profits, the total wage bill for the Company was £76.9 million compared to £79.5 million in the prior year, a fall of 3 per cent, reflecting the player trading activity of the previous summer and a continued determination to control total wage costs within the parameter of 50 per cent of revenue.

In this year the percentage ratio of wages to turnover was 45 per cent compared to 46 per cent in the prior year. However, the impact of the new Premiership domestic TV deal and a lower level of Champions League revenues, will result in a rise in this ratio in the current year to around the 50 per cent mark subject to a similar level of team performance. Our commitment to manage this key ratio at this level remains as strong as ever.

The other key player cost is the amortisation of the cost of acquired players over the length of their contracts. Detailed information on the acquisition cost and the period of amortisation is set out in the table in note 11 to the financial statements. We believe this additional transparency is helpful to our shareholders in understanding this key cost. It also emphasises the critical nature in terms of managing future profits of maintaining the balance between home-grown players (for which there is no acquired cost) and the net investment in acquired players. The acquired cost, which includes fees payable to the other club, agents' fees paid or payable over the length of the contract, and the levy payable to the Premier League on transfers is fully amortised over the period of the player's contract. If during the course of that period the player contract is extended beyond the initial period, the unamortised balance at the point of the extension is spread over the revised contract length. As a result, following Ruud Van Nistelrooy's contract extension, the amortisation charge has been adjusted and is now spread over the revised remaining contract period. No residual value is assumed in these calculations because of the Bosman ruling which allows a player to leave at the end of his contract on a free transfer. Nevertheless, the Club will seek, where possible, to secure value for shareholders by selling players surplus to requirements, or those unlikely to renew their contracts, prior to the end of their contract. However, the current trading market suggests that interest in acquiring all but the very top players is falling and transfer fees are reducing for squad players.

The restructuring of the squad in these market conditions has required us to make further charges to the profit and loss account over and above the annual salary cost and normal amortisation charge. The net loss on disposal of players in the year was £3.1 million. During the year we terminated the contract of the player, Fabien Barthez, requiring a write off of £2.6 million of unamortised intangible asset at the termination date on 30 June 2004 and a payment of £2.5 million in partial compensation for the remaining two years of his six year contract. In addition, a provision was made against the carrying value of Diego Forlan of £1.9 million at the year end, prior to the sale of his registration in August 2004. These losses were offset by the sale of Nicky Butt and further net income totalling £2.4 million being recorded in respect of payments from Real Madrid for David Beckham, (for the progression of Real Madrid in the Champions League competition), from Chelsea in respect of Sebastian Veron (for securing Champions League qualification through finishing second) and from Blackburn in respect of Andy Cole and Dwight Yorke (based on appearances and Blackburn retaining Premiership status). A full analysis of these amounts is set out in the player trading disclosures in the notes to the financial statements.

The profit and loss account has also been charged with £0.4 million in respect of LTIP awards which are being amortised over the vesting period.

Our share of the operating losses of MUTV, which was a 33% joint venture throughout the year, were £0.1 million, although through our shareholder agreements Manchester United continues to bear no exposure to the funding of these losses.

During the year the gross interest receivable was £1.3 million on average cash balances of approximately £31 million. This interest income was partially offset by our one-third share of interest charges on MUTV of £0.2 million.

The Group will be required to adopt International Accounting Standards with effect from 1 August 2005 and will have to restate the results for the next financial year to 31 July 2005 in compliance with IAS. The Group is well advanced in the evaluation of the impact of IAS.

Balance sheet

The net assets of the Group increased by £16.9 million (6 pence per share) following these results. Capital expenditure during the year amounted to £8.0 million. The principal items were the new LED pitch perimeter advertising boards and the preliminary work on the stadium expansion.

The notes to the financial statements contain a breakdown of the intangible asset values by player together with the remaining contract period over which these amounts are being amortised.

Debtors were £41.2 million with movements on football club transfers as set out in the player trading disclosures included in the notes to the financial statements. The first 30 per cent of the Lazio debt of £12 million from the sale of Stam, deferred as part of a rescheduling of the cash flow, was received on 14 September 2004. A further seven payments of 10 per cent each are due during the period to May 2005.

Risk and exposures

The Board has established objectives and policies for managing risks, which are designed to enable the Group to achieve its business objectives within a prudent risk management framework. The Group has for a number of years maintained a detailed risk register. During the last year the preparation and maintenance of the risk register has been refreshed to better enable the embedding of the risk management process within the organisation. A Risk Management Steering Group has been established (for further details see page 44 of the directors' report) to oversee the risk management process. The Steering Group reports directly to the Audit Committee.

Each identified risk is rated based on an assessment of the likelihood of a particular event occurring and the impact such an event would have. These risk ratings are reviewed on a regular basis. Strategies and actions are then developed and implemented in order to manage the risk at an acceptable level.

Based on the above process, the principal risks currently faced by the Group are considered to be as follows:

Team management succession – the appointment and if applicable the contract renewal of the Team Manager is a matter specifically reserved for the decision of the Board. The Chief Executive is responsible for managing this process and carrying out any detailed negotiations, however, the ultimate decision must be made by the Board as a whole.

Terrorist incident, bomb threat and evacuations – the safety of supporters, customers and employees is of paramount importance and the Company has in place extensive safety procedures covering both matchdays and non-matchdays. These procedures are prepared in consultation with the emergency services and are certified by the appropriate licensing authorities. Regrettably, the current international climate means that the risk of a terrorist incident has undoubtedly increased. The Company's safety procedures have been updated to reflect this. The Stadium Safety Officer is responsible for safety procedures on a day-to-day basis.

Team success and UEFA Champions League qualification – both are essential for the ongoing profitability of the business, however, they must be balanced by financial discipline and objectivity in decision making. The primary target each season is to qualify for the following season's UEFA Champions League. However, the core business is considered to be sufficiently robust to withstand a short-term absence from European football. The Chief Executive and the Team Manager are responsible for managing this risk in accordance with parameters set by the Board.

Player contractual negotiations – exposes the Club to material, long-term commitments. This risk is kept under constant review by the Board which sets the overall parameters. Negotiations are handled by the Chief Executive following consultation with the Team Manager. The approval of significant player contracts is a matter specifically reserved for decision by the Board.

Player acquisition – material capital commitment requiring appropriate due diligence and detached appraisal. The strategy for dealing with this risk relies to a certain extent on the advice of the Team Manager and the Club's coaching and scouting staff. The Chief Executive and the Team Manager are responsible for managing this risk. Detailed negotiations are conducted by the Chief Executive. The approval of significant player transfers is a matter specifically reserved for decision by the Board.

Striving to be the best

Growing Manchester United revenues and operating profit requires maintaining a delicate balance of stakeholder interests, investing in the squad to maintain playing success, and competing against other clubs who operate under different financial environments. It requires our staff to be committed to the vision and values that we believe in. We believe our strategies and processes will enable us to succeed, and are committed to continue striving to be the best football club on and off the pitch.

Being an active member of the broader community

As a global organisation, the community Manchester United serves can be said to be much broader than most other football clubs. We invest heavily in both time and resources in discharging our corporate social responsibilities. Many aspects of this operation have been done for a number of years, but we continue to innovate and develop ideas that better meet the needs of our stakeholders, whether in our traditional community of Trafford, or through our global work with UNICEF.

Supporting our local community

The largest community investment is in the Club's Football in the Community (FITC) programme. Now operating across the North of England, over 220,000 people have benefited from free coaching by our staff, each holding a minimum of a UEFA Grade B licence this year. In addition, holiday courses and weekly training clubs are held for those with physical disabilities, making good use of the Cliff training ground's status as a recognised Centre for Disability Coaching. Coaches from FITC also trained and selected the England team in the Homeless World Cup, organised a soccer school for the disadvantaged in St Petersburg and managed soccer tournaments at Old Trafford for UNICEF and the NSPCC, which raised over £40,000.

Study Support Centre

But our community support is not all based around football. Our Study Support Centre is part of the Department for Education and Skills' Playing for Success initiative, aimed at reducing truancy and driving up standards in literacy, numeracy and ICT skills by providing an inspirational environment in which young people can learn. Of the 252 pupils that used the Centre this year, numeracy skills have improved by 32 per cent, literacy by 15 per cent and ICT skills by 17.5 per cent. Attendance rates were 93.5 per cent for after-school sessions and 96 per cent for Easter and Summer Schools.

Premier League Reading Stars

Manchester United supported three libraries in Old Trafford, Lostock and Eccles as part of Reading Stars, which encourages children and families to read more. Some 33 children and families took part, with the Club's own Reading Star, Rio Ferdinand, presenting participants with their certificates.

Prince's Trust Football Initiative

For those who have left school, the Club continues to support Greater Manchester Fire & Rescue Service, who deliver the Prince's Trust Team programme in Sale and Salford. The 12-week personal development course enables 16-25-year-olds to learn new skills, gain national qualifications and develop the confidence to help them through life and into work. The course includes individual work placements, a residential week and a number of challenging team projects, which benefit the local community. By supporting Greater Manchester Fire & Rescue Service, the Club has helped 101 young people on six teams. Of the team members, 92 per cent were unemployed, 16 per cent were young ex-offenders and 16 per cent were in or leaving care.

(Opposite)
The Club's own reading star, Rio Ferdinand, congratulates winners of the Premier League Reading Stars scheme at Old Trafford.

(Above)
Rio Ferdinand on behalf of Sports Relief visits Groundwork Tameside to help relieve tension between white and Asian children.

(Above)
Manchester United players help promote the Guide Dogs for the Blind initiative.

Backing charities

The Club has annual agreements with 10 national charities. Each receives a consignment of signed items for them to auction to raise funds. The list is reviewed each year and views are taken from staff and players before charities are selected. In 2003/4, the charities included Christie's cancer hospital, NSPCC, Francis House, Big Issue and Guide Dogs for the Blind. In addition, the Club receives thousands of requests for charitable donations. While it is impossible to grant every wish, 2 full-time staff provided over 2,000 items to various causes last season. Those items raised an estimated £500,000 and this season a new system of monitoring has been introduced to produce a more accurate figure.

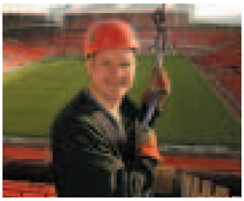
Throughout the year, discounts and free facilities were given to events held on behalf of countless charities. This contribution totalled some £20,000 last year. Each year, the Club hosts a Football Aid event to raise funds for the youth diabetes charity – a partnership which has raised over £90,000 in the last three years – the most successful of all the relationships in the Premiership.

Through the generosity of our fans, cash collections at Old Trafford on selected matchdays in aid of local charities averaged some £20,000 per game, while the Club's support for the Marie Curie Zipwire event last year helped them raise over £115,000.

Our players fulfil many commitments each season with a wide variety of charities, giving their time freely to raise awareness of particular causes or to delight people who benefit from the good work of many organisations. Last season, the causes which used Manchester United stars to draw attention to their work included Testicular Cancer Week, World Book Day, Comic Relief and Sport Relief. In addition, Tim Howard has worked with the Tourettes Foundation UK, while Ryan Giggs presented the Citizen Award in Manchester and Ruud van Nistelrooy presented one of the Pride of Britain Awards. On top of their official visits, many players make private arrangements with charities and hospices, which the Club facilitates wherever possible.

(Above)
Rio Ferdinand presents Lucy Hutchinson with a signed shirt after winning a 'Show Racism The Red Card' competition at her School in April.

(Left)
In February, Ruud Van Nistelrooy presents Carrol Hansea-Mann with his Pride of Britain Award.



(Clockwise from top left)
Wes Brown went back to his old school to present pupils with a Barclaycard kit.

MUFC Director of Marketing, Peter Draper, took part in the stadium Zipwire, which raised over £115,000 for Marie Curie Care.

Kieran Richardson helped a group of players to deliver Easter eggs at Pendlebury childrens hospital.

A new Prince's Trust youth club was opened in Patricroft, Manchester by Rio Ferdinand.

Fighting racism

In addition to supporting the annual anti-racism week organised by Kick It Out (KIO), the Club's Education Officer has assisted KIO in delivering workshops at a major citizenship conference. We have also been able to assist other local agencies, such as Greater Manchester Police, in delivering an anti-racism message to young people. In August 2003, Wes Brown opened the Unity Cup festival – a national tournament for refugees and asylum seekers.

The Club has, in collaboration with the Youth Charter for Sport and UNICEF, produced a social coaching programme targeting youngsters attending local schools in disaffected areas or areas with high incidence of refugees or mixed-faith schools. The Soccerwise Citizenship Programme, funded by Barclaycard FreeKicks, provides a motivating means of conveying the citizenship curriculum to disaffected and disadvantaged young people.

Caring for the environment

Manchester United is committed to having a positive impact on our environment. We are the only football club to enter the Index of Corporate Environmental Engagement, compiled by Business in the Environment. The Club reuses over 35 per cent of the near 1,000 tonnes of waste produced each year. Of that figure, waste that is not reduced, recycled or reused in other ways is sent to a local plant operated by Greater Manchester Waste that converts it into energy, saving it from landfill and helping to provide environmentally friendly energy.

Manchester United uses worn out tyres in their playing surface. A new bore hole at Carrington Training ground helps to reduce the Club's demands on local water, whilst keeping the pitch in good condition.

The Club sponsors a road sweeper that ensures the whole area around the ground is cleaned within hours of the final whistle. All glass bottles – over eight tonnes a month of them – used on the site are recycled and used in road surface manufacture. The Club has added drink cans and aluminium recycling schemes to this effort.

Systems have been introduced to ensure that energy is conserved when there is no need to use it and the Club has a target of reducing energy consumption by 2 per cent a year.

Much effort has been put into developing a green supply chain. Last year, the Club took part in an Envirowise Supply Chain Partnership to improve business efficiency through minimising waste and maximising cost savings with 20 of our suppliers. Already, that single project has identified over £140,000 in savings through better working practices. Overall the Partnerships have realised potential savings of over £2 million.

A green training ground

The Carrington Training Centre is an environmentally sensitive site. The Astroplay all-weather pitches contain rubber crumbs from worn out tyres, sourced in the UK. In total, they used nearly 150 tonnes of useless tyres which would otherwise have gone to landfill.

(Above)
Through our partnership with Trafford Borough Council, the Club ensures that the local area is cleaned within hours of a match finishing.

(Left)
The Club's relationship with the Cheshire Wildlife Trust is promoted by Ole Gunnar Solskjaer.

This year saw the opening of the Club's Ability Suite complete with voice activated typing and other assistive technology.

Three young United fans during the Community Shield in Cardiff.

The Centre also features lagoons with reed bed technology where dirty water is cleaned and recycled to provide water for the vegetation at the site. This year, the Club has installed a bore hole to assist with self-sufficiency in water at Carrington.

A nature reserve has been created, which is managed by Cheshire Wildlife Trust. It includes a pond and grassland – both important habitats for wildlife. Red admiral butterflies, meadow pipits and grey partridges have all made a home there. We have developed a study support centre in conjunction with the Trust which helps local schools learn about nature and wildlife at Carrington.

Communicating with our fans

Relations with fans are, on the whole, good. The Fans' Forum – the main consultative body with supporters – has been overhauled to encourage greater participation by serving members and more in-depth discussion of issues. The changes, agreed by the Forum, will see the Chief Executive assume the Chair, with independent administrative support supplied by Sport England.

Meetings have been moved to non-matchdays, with the Club reimbursing travel expenses. This development should allow more comprehensive consideration of issues – many on the Forum felt that discussions were often rushed when held before games.

The Club received significant media attention for a suspected terrorist threat to the game against Liverpool in April 2004. Extra security measures were introduced and communicated to supporters, whose co-operation was vital to making the game pass off without problems. The Club used its close relationship with the local police and council to organise its response to the situation.

In partnership with Vodafone, the Club has opened an Ability Suite for disabled supporters. On a matchday, the Suite offers refreshment facilities with stewards dedicated to the area to assist those fans who have difficulty at kiosks.

The Suite also provides an 'assistive technology centre' for community use on non-matchdays. This includes special technology to enable disabled people to use phones and computers. For example, there is a voice-activated typing system, and a software programme capable of reading the contents of a computer screen to a person who is visually impaired. We are in the process of developing this as an outreach facility, and through their use of the Suite we are establishing partnerships with organisations such as the RNIB, AbilityNet and Job Centre Plus. The Suite also welcomes students with disabilities from Manchester Universities' technology courses. Staff from other Premier League clubs have visited the Suite with the aim of setting up similar facilities.

Valuing our employees

One of the features of Manchester United is that it has a loyal, hard-working staff, many of whom have been at the Club for a significant number of years. In our Staff Survey, it is clear that people are proud to work for Manchester United. In return, the Club is proud of that fact and is aware that it brings with it the responsibility for keeping staff motivated and trained to display the values we have identified that will help us come closer to achieving our vision to be the best football club in the world on and off the pitch.

The staff bonus scheme, introduced last year, continues to operate and is a good way of rewarding the efforts of those off the pitch who make Manchester United the successful company it is.

The Club benefits from highly skilled and hardworking employees, many of whom have showed loyalty for over a decade, some for more than three. This year has seen staff welfare put at the front of the Club's strategy.

In September Manchester United hosted the United for Unicef dinner at Old Trafford where 650 people dined in the Manchester Suite. This fantastic event raised over £100,000 for the Unicef charity.

The newsletter for staff has proved so popular that the frequency has been increased to bimonthly and a new intranet service has been introduced. The Club has introduced its first-ever performance review process this year and is rolling out a customer service training programme to improve fans' matchday experience at Old Trafford. New systems have been put in place to communicate across the different divisions within the organisation and have been well received. A high-level team has been set up to devise strategies to communicate the Club values to staff and reward those who display them. This is an ongoing process, but one the whole Board supports.

Playing a role internationally

Our relationship with UNICEF continues to grow. Last year our players headed up the launch of UNICEF UK's three-year campaign to End Child Exploitation. Over the next two years we will support UNICEF's efforts to raise awareness about the scale of the problem and show what people in the UK can do to help, including working with key government bodies to effect positive change in the lives of children locally and nationally.

This commitment to improving children's lives and realising the potential of children makes the United for UNICEF partnership so powerful – the most internationally influential football club working with the world's largest organisation working for children.

Reinforcing our future commitment

In the coming year, we plan to bring more structure to our CSR activities and have instituted agreements with our partner charities to measure the results of our relationship better. An audit of our effort is being undertaken and we plan to make a comprehensive report on all our activities available online. The CSR team has been revamped to enable us to be more proactive in finding suitable partners and projects in Manchester and across football. It is an exciting time in CSR and we are ready to meet the challenges that lie ahead.

1. Sir Roy Gardner

Independent Non-Executive Chairman (59) [A, N, R]
Sir Roy Gardner has been a director of the Company since 2000 and became Chairman in 2002. He is the Chief Executive of Centrica plc, President of Carers UK, Chairman of the Employers' Forum on Disability and Chairman of the National Apprenticeship Task Force. He was previously a main board director of British Gas plc where he had responsibility for the business units that subsequently formed Centrica plc. Prior to joining British Gas plc as Finance Director, he was a main board director of GEC plc. He is also Chairman of the Nomination Committee.

2. Andy Anson

Commercial Director (39)
Andy Anson joined the Company on 23 February 2004 as Commercial Director. He was previously a partner at OC&C, a global strategy consulting company, prior to which he worked for Channel 4 Television and the Walt Disney Corporation. He is a non-executive director of Emuse Corporation PLC.

3. David Gill

Chief Executive (47) [N]
David Gill joined the Company in 1997 as Finance Director. He was appointed Deputy Chief Executive in August 2000 and was promoted to Group Managing Director in July 2001. He was appointed Chief Executive on 8 September 2003. He was previously Finance Director of First Choice Holidays PLC. He is a member of the FA Council and a non-executive director of Ebookers plc.

4. Nick Humby

Group Finance Director (47)
Nick Humby joined the Company in January 2002 as Group Finance Director. He was previously Finance Director and Chief Operating Officer of Pearson Television. He is a non-executive director of The Ambassador Theatre Group and the Modern Times Group MTG AB.

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5. Ian Much

Independent Non-Executive Director (60) [A, N, R]

Ian Much has been a director of the Company since 2000. He retired as the Chief Executive of De La Rue Plc in May 2004. He was previously Chief Executive of T&N plc and has a wealth of experience of European, Asian and North American markets. He is Chairman of the Remuneration Committee.

6. Maurice Watkins

Non-Executive Director (62) [N]

Maurice Watkins has been a director of the Company since 1991 and a director of Manchester United Football Club Limited since 1984. He is the senior partner in the Manchester firm of solicitors, James Chapman & Co, solicitors to the Group and has provided legal advice to the Group over many years. He is a regional chairman of Coutts Bank, a member of the FIFA Dispute Resolution Chamber, a director of the Rugby Football League and President of the British Association of Sport and Law.

7. Philip Yea

Independent Non-Executive Director (49) [A, N, R]

Philip Yea has been a director of the Company since 2000. He is the Chief Executive of 3i Group PLC and a fellow of the Chartered Institute of Management Accountants. He was previously Group Finance Director of Diageo plc and a non-executive director of HBOS plc. He is chairman of the Audit Committee and the recognised senior independent director.

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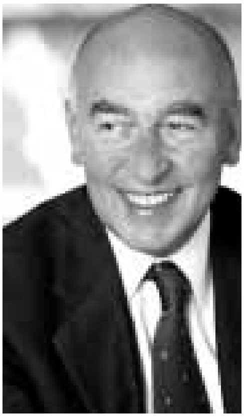

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Key to membership of committees

[A] Audit Committee

[N] Nomination Committee

[R] Remuneration Committee

The directors present their report and the audited financial statements of Manchester United PLC for the year ended 31 July 2004.

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

The Chairman's statement and the operating and financial review describe the activities of the Group during the year and likely future developments.

Dividends
An interim dividend of 1.25 pence per share was paid on 14 May 2004. The directors recommend that, subject to approval at the annual general meeting, a final dividend of 1.40 pence per share be paid on 19 November 2004 to those shareholders registered on 8 October 2004. This would make a total dividend for the year of 2.65 pence per share (2003 4.00 pence per share – including a special dividend of 1.50 pence per share).

The profit after taxation and dividends of £12.4 million has been retained and transferred to reserves.

Post balance sheet events
Details of post balance sheet events are disclosed in note 31 to the financial statements.

Directors
The directors who held office throughout the year (unless otherwise indicated) and at 31 July 2004 were as follows:

Sir Roy Gardner (Chairman)
Andy Anson (appointed 23 February 2004)
David Gill
Nick Humby
Ian Much
Maurice Watkins
Philip Yea

Peter Kenyon resigned as a director on 8 September 2003.

Brief biographical details of the directors appear on pages 38 and 39.

In accordance with the Articles of Association, Maurice Watkins and Philip Yea will retire by rotation at this year's annual general meeting. As a newly appointed director, Andy Anson will also retire at this year's annual general meeting. On the recommendation of the Nomination Committee, these directors will be proposed for re-election.

Full details of directors' service contracts, remuneration and share interests can be found in the remuneration report on pages 46 to 52.

Material shareholdings
As at 27 September 2004, the Company has been notified of the following material shareholdings:

The Cubic Expression Company Limited	75,736,960	28.9%
Malcolm I Glazer Family Limited Partnership	50,268,029	19.2%
Mountbarrow Investments Limited	17,000,000	6.5%
Legal & General Group Plc	8,156,644	3.1%

The Cubic Expression Company Limited has notified the Company that its beneficial owners are Mr John Magnier and Mr John Patrick McManus.

Corporate social responsibility
A report on corporate social responsibility, including environmental performance, is set out on pages 30 to 37.

Health and safety
The Group maintains its own health and safety policies covering all the activities of the Group. Adherence to the policies is monitored by the Board. A copy of the Group's health and safety policy may be obtained from the Company Secretary.

Charitable and political donations
Information on the Group's involvement in the community can be found in the report on corporate social responsibility on pages 30 to 37. Charitable donations during the year amounted to £68,410 (2003 £55,520). In line with Group policy, no donations were made for political purposes (2003 £nil).

Authority to purchase shares
The directors were authorised at the 2003 annual general meeting to purchase the Company's own shares, within certain limits and as permitted by the Articles of Association. Although no such purchases have been made to date under this authority, the directors will seek to renew the authority at the 2004 annual general meeting.

Creditor payment policy
It is the Group's policy to:

- agree the terms of payment in advance with the supplier; and
- pay in accordance with the agreed terms and other legal obligations.

The number of days' purchases outstanding as at 31 July 2004 was 57 (2003 58). This figure excludes creditors in respect of player acquisitions which are paid on the date payment is contractually due.

Employment policies
The Group is committed to its 'people philosophy' and, as a result, to promoting policies to ensure that employees and applicants for employment are treated fairly and consistently. The Group has an equal opportunities policy, the aim of which is not to discriminate against employees or applicants for employment on the grounds of age, disability, ethnic origin, nationality or national origin, religion, race, gender, sexual orientation, marital status or family circumstances. Entry into and progression within the Group is determined solely by the job criteria and personal ability/competence.

The Group also seeks to apply best practice in the employment, training, development and promotion of disabled persons. The Group takes seriously its statutory obligations relating to disabled persons and seeks not to discriminate against current or prospective employees because of a reason relating to their disability. If an existing employee becomes disabled, such steps that are practical and reasonable are taken, in respect of adjustments to premises or employment arrangements, to retain him/her in employment. Where appropriate, rehabilitation and suitable training are given. The Group continues to be a member of the Employers' Forum on Disability.

Employees are regularly updated on the performance of the Group. This is achieved through a broad base of communications including staff briefings, announcements and the staff newsletter 'RedLines'. Employees' views are sought through annual staff surveys. Further details of the Group's employment policies and employee communications can be found on pages 36 to 37.

Employee share and profit schemes
The Group encourages employee share ownership through the operation of an Inland Revenue approved savings-related share option scheme which is open to all eligible employees, including executive directors. The Group also operates a profit-related scheme whereby eligible employees are paid a bonus dependent on the achievement of specific levels of profit before tax excluding exceptional items and player amortisation and trading.

Auditors
PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed as auditors of the Company. On the recommendation of the Audit Committee, a resolution to re-appoint them as the Company's auditors and to authorise the directors to determine their remuneration will be proposed at the annual general meeting.

Annual general meeting
The notice of annual general meeting, to be held on Friday 12 November 2004, together with an explanation of the business which will be proposed at the meeting, is contained in a separate circular issued with this annual report.

Corporate governance

The Group is committed to high standards of corporate governance. During the year, the Board has reviewed its governance arrangements in the light of the revised Combined Code on Corporate Governance (the 2003 Code) and the Guidance on Audit Committees (the Smith Guidance) and is in the process of making changes as necessary and appropriate. As the 2003 Code took effect in respect of accounting periods commencing on or after 1 November 2003, this report has been prepared on the basis of the previous Combined Code on Corporate Governance (the 1998 Code). However, some additional disclosures have been made as a transition towards compliance with the 2003 Code. Throughout the year, the Group fully complied with the provisions of the 1998 Code and applied its principles as follows:

The Board

An effective Board of Directors leads and controls the Group. The Board's role is to provide entrepreneurial leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board met ten times during the year and there was also frequent contact between meetings to progress the Group's business. One of its meetings each year is substantially devoted to the development of strategy. The Board is responsible for setting the overall Group strategy, values and standards, and it monitors the executive management. In addition, it has adopted a formal schedule of matters reserved for its decision, including the approval of significant player transfers and contracts and major capital expenditure, the appointment and contract of the Team Manager, the appointment of advisers, treasury policy, and, in a supervisory capacity, the Group's health and safety and environmental policies. The Company maintains appropriate insurance cover in respect of legal action against its directors.

The names of the directors and their biographical details including committee memberships appear on pages 38 and 39. The roles of Chairman and Chief Executive are separated and the division of their responsibilities is clearly defined and has been agreed by the Board. Philip Yea is the recognised senior independent director to whom shareholders can convey concerns. Throughout the year, three of the non-executive directors, including the Chairman, were determined by the Board, using the criteria in the 2003 Code, to be independent. All three independent non-executive directors, including the Chairman, are members of the Audit, Nomination and Remuneration Committees. The Board is currently seeking to appoint a further independent non-executive director who will also be appointed to the Audit, Nomination and Remuneration Committees. Once this appointment has been made the Board Chairman will step down from the Audit and Remuneration Committees. During the year there was full attendance at all Board and all Audit, Nomination and Remuneration Committee meetings. The non-executive directors, including the Chairman, meet separately without executives present on a regular basis.

Comprehensive briefing papers, including management accounts, are circulated to each director one week prior to Board meetings. A procedure is in place for directors to obtain independent professional advice, at the Company's expense, where they judge it necessary to discharge their responsibilities as directors. They also have access to the advice and services of the Company Secretary. The directors receive ongoing training, where it is considered appropriate, including an induction programme tailored to meet the needs of the individual. The directors also receive regular updates on changes and developments to the business, legislative and regulatory environments.

The Board has agreed a self-evaluation process for the performance evaluation of the Board which will be carried out during the current financial year and will be reported on in next year's annual report.

All directors appointed to the Board are required to submit themselves for election at the annual general meeting following their appointment. Thereafter, they are subject to re-election every third year. Non-executive directors are initially appointed for a three-year term which may, subject to review and re-election, be renewed for further three-year terms. A resolution will be proposed at the 2004 annual general meeting to amend the Articles of Association so that any non-executive director serving longer than nine years will be subject to annual re-election. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board has delegated authority to three sub-committees (the Audit Committee, the Nomination Committee and the Remuneration Committee) to deal with specific aspects of the management and control of the Group. These committees have specific terms of reference – copies of which may be obtained from the Company Secretary or via the Company's website.

Audit Committee

The Audit Committee, which met four times during the year, is chaired by Philip Yea. The other members of the Committee are Sir Roy Gardner and Ian Much. The Board is satisfied that Philip Yea has recent and relevant financial experience. Its membership is restricted to independent non-executive directors. The other directors and the external auditors normally attend meetings by invitation.

The Committee's responsibilities include:

- monitoring the integrity of the interim and annual financial statements, including reviewing significant financial reporting judgements contained in them;
- reviewing the internal financial controls and the internal control and risk management systems;
- monitoring and reviewing the effectiveness of the internal audit function; and
- overseeing the relationship with the external auditors, including the monitoring of their independence.

The Committee reviews the remuneration received by the external auditors for non-audit work, which is limited to work that requires detailed knowledge derived from the statutory audit (for example, taxation work and the audit of the annual report to the FA Premier League on material transactions involving players and agents) or to work where the fees involved (either individually or annually in total) are not considered to be material – in other circumstances, proposed assignments are put out to competitive tender. The fees for non-audit work are principally for taxation advice and the external auditors' involvement is based on what the Committee considers to be the most effective way of conducting the Group's business. A breakdown of fees paid to the external auditors for non-audit services is provided in note 3 to the financial statements.

As a matter of best practice and in accordance with auditing standards, the external auditors have held discussions with the Committee on the subject of audit independence and have confirmed their independence in writing.

The Group has a whistleblowing policy which is designed to ensure that employees can raise concerns (about possible improprieties in matters of financial reporting or other matters) in confidence. The Committee is responsible for reviewing the Group's procedures for handling allegations from whistleblowers.

Nomination Committee
The Nomination Committee, which met four times during the year, is chaired by Sir Roy Gardner. The other members of the Committee are David Gill, Ian Much, Maurice Watkins and Philip Yea. David Gill replaced Peter Kenyon on the Committee following Peter's resignation and David's subsequent appointment as Chief Executive. The majority of its members are independent non-executive directors. The Committee makes recommendations to the Board on the structure, size and composition of the Board and is responsible for identifying and nominating for the approval of the Board replacement or additional directors.

During the year the Committee considered the succession to Peter Kenyon as Chief Executive of the Company. The Committee concluded that the then Group Managing Director, David Gill, was the most appropriate person to succeed Peter Kenyon and recommended his appointment to the Board. The Committee also considered the appointment of a new Commercial Director. Having taken advice from executive recruitment agents and having drawn up a list of required attributes, members of the Committee gave careful consideration to a number of individuals. The Committee concluded that Andy Anson was the most appropriate candidate and recommended his appointment to the Board. The Committee is currently leading the process to identify a suitable individual to appoint to the Board as an independent non-executive director. The Committee is taking advice from executive recruitment agents on this appointment, a list of required attributes has been drawn up and the Committee is currently considering a number of candidates.

Remuneration Committee
The Remuneration Committee, which met four times during the year, is chaired by Ian Much. The other members of the Committee are Sir Roy Gardner and Philip Yea. Its membership is restricted to independent non-executive directors, although the Committee consults, as appropriate, with the Chief Executive. The role of this Committee and details of how the Company applies the principles of the 1998 Code in respect of directors' remuneration are set out in the remuneration report on pages 46 to 52.

Accountability and audit
Financial reporting and going concern
A statement covering the directors' responsibilities for preparing the financial statements is on page 79.

The Board is fully aware of its duty to present a balanced and understandable assessment of the Group's position and prospects. The directors regularly receive and review financial statements, key performance indicators, cash balances and forecasts. After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the financial statements, which are shown on pages 53 to 78.

Internal control

The Board is responsible for the Group's system of internal control, which is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. Each year the Audit Committee reviews controls, including financial, operational and compliance controls and risk management systems, and reports its findings for consideration by the Board. Further details on the risk and exposures faced by the Group can be found in the operating and financial review on page 29.

The key procedures, which operated throughout the year, are as follows:

Risk assessment

Management has responsibility for the identification and evaluation of significant risks applicable to their area of business, together with the design and operation of suitable internal controls. The risks are assessed by management on a continual basis. Social, environmental and ethical-related risks are also considered. A Group risk register is maintained and this is reviewed by the Group's Risk Management Steering Committee which in turn reports to the Audit Committee. The Risk Management Steering Committee comprises two executive directors (Nick Humby and Andy Anson), the Company Secretary, and the Director of Communications.

Control environment and control activities

An appropriate organisational and reporting framework has been established to plan, control and monitor the Group's activities. This framework allows for the appropriate delegation of authority and accountability having regard to acceptable levels of risk. The Group has implemented appropriate strategies to deal with each significant risk that has been identified.

Information and communication

The Group has a comprehensive internal budgeting and forecasting system. Monthly actual results are reported and significant variances from budget are investigated. Revised forecasts are prepared on a regular basis.

Monitoring

Controls and policies are regularly monitored by all levels of management through normal review procedures. In addition, the various operations are regularly visited by Group management.

Internal audit work is currently carried out by an external consultant (who is independent of both the Company and the external auditors). The external consultant is currently engaged for 30 days per annum and reports directly to the Audit Committee. The Committee approves the programme of internal audit work to be undertaken each year and subsequently monitors its effectiveness.

The Board, with the advice of the Audit Committee, has reviewed the effectiveness of the internal control system operated (as described above) throughout the year under review and up to the date of approval of this report and is satisfied that the Group complies with the guidance contained in 'Internal Control: Guidance for Directors on the Combined Code'.

Relations with shareholders
Communications with shareholders are given a high priority. There is regular dialogue with individual institutional shareholders as well as general presentations after the interim and full year results are announced. The Company also responds throughout the year to numerous letters from individual shareholders on a wide range of issues. Regular reports of investor feedback are presented to the Board throughout the year.

The Company has a separate investor relations section on the Manchester United website (www.manutd.com). Users can access the latest share price information, review the latest corporate news, and learn more about the management. Shareholders can register to receive all their communications online by logging onto http://ir.manutd.com, benefiting both themselves and the Company.

All shareholders have been given at least 20 working days' notice of the annual general meeting at which the directors and the Chairman will be available to answer questions. The Company will continue its practice of proposing only unbundled individual resolutions, including a separate resolution relating to the directors' report and the accounts. The Company will also continue its practice of taking votes on each resolution by a poll, the results of which may be obtained from the Company Secretary. All shareholders have the opportunity to cast their votes by proxy, by post or via the internet.

The directors' report has been approved by the Board and signed on its behalf by

David Beswitherick Company Secretary

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

Company registered in England and Wales No. 2570509
27 September 2004

Composition and role of the Remuneration Committee

The Board has established a Remuneration Committee which is chaired by Ian Much. The other members of the Committee are Sir Roy Gardner and Philip Yea. All of the members of the Committee are independent non-executive directors.

The Committee determines and agrees with the Board, within formal terms of reference, the framework and policy of executive remuneration and its cost to the Company. The Committee is also responsible for the implementation of remuneration policy and determining specific remuneration packages for each of the executive directors and other senior executives. The Committee has access to advice provided by the Company Secretary and the Chief Executive. The Committee has appointed Watson Wyatt LLP to provide information and advice on executive compensation to assist in the formulation of the Committee's recommendations. Watson Wyatt LLP also provides advice to the Group on the Chairman's and non-executive directors' fees. No director or senior executive is involved in any decisions as to his own remuneration.

This report explains how the Company has applied the principles in the 1998 Code on Corporate Governance that relate to directors' remuneration. It will be submitted to the forthcoming annual general meeting for approval. No director votes on any matter relating to his own remuneration.

Framework and policy on executive directors' remuneration

The Group's remuneration policy is designed to provide competitive rewards for its executive directors and other senior executives, taking into account the Group's performance, the markets in which the Group operates and pay and conditions elsewhere in the Group.

In constructing the remuneration packages, the Committee aims to achieve a balance between fixed and variable compensation for each executive director. Accordingly, a significant proportion of the remuneration package depends on the attainment of a range of objectives, both short and long-term. In agreeing the level of basic salaries and the annual performance bonus, the Committee takes into consideration the total remuneration that executives could receive. The Committee reviews the packages and varies individual elements when appropriate from year to year.

To recognise performance against agreed objectives, the Committee has put in place an annual performance bonus scheme for executive directors similar to that applying to other senior executives in the Group. Annual bonuses for executive directors are determined by the achievement of demanding corporate and individual objectives.

The Committee also has in place longer term incentive schemes. The current practice is to make conditional share awards each year under either the Long Term Incentive Plan (the LTIP) or the executive share option plan (the Option Plan). These schemes are designed to align the interests of executive directors and other senior executives with the longer term interests of shareholders by rewarding them for delivering increased shareholder value.

As a matter of policy, all executive directors are required to hold a minimum shareholding in the Company at least equal in value to the executive's basic salary, based on the share price at the date of acquisition. This required holding is to be attained on a progressive basis over a period of five years commencing 1 August 2002 or date of appointment if later.

The Committee believes that these arrangements, which are further explained below, are important in providing a potential remuneration package that will attract, retain and continue to motivate executive directors and senior executives in a marketplace that is increasingly challenging and competitive. It is intended that the current remuneration policy, which has previously been presented to shareholders, will continue for the current and succeeding years.

Details of each director's remuneration package, together with details of interests in shares and share options, are set out below.

Components of remuneration

Basic salary

The Committee seeks to establish a basic salary for each executive director determined by individual performance and external market data provided by independent external advisers, in particular salary levels for similar positions in companies of comparable size, primarily in the FTSE 250. The Committee aims to fix basic salary between the median and upper quartile of this market. Basic salaries are generally reviewed on an annual basis or following a significant change in responsibilities. Basic salary is the only element of remuneration that is pensionable.

Annual performance bonus

At the beginning of each year, the Committee reviews the annual performance bonus scheme to ensure that it remains competitive in the market and continues to incentivise the executive directors and align their interests with those of shareholders. The annual performance bonus is designed to reflect both the Group's performance and the executive director's contribution to it and comprises a cash element and a Company share element. The maximum bonus payable should every element of every objective be achieved in full is 100 per cent of basic salary. For the last financial year, 75 per cent of the maximum bonus achievable related to the achievement of an operating profit target of budget plus 30 per cent. Up to 60 per cent is payable in cash with any balance (ie up to 15 per cent) payable in shares. The remaining 25 per cent of the maximum bonus achievable related to the achievement of agreed operational and managerial targets, as determined annually by the Committee. This element is payable entirely in shares.

Shares awarded as part of the Company share element of the annual performance bonus scheme are normally purchased in the market, on behalf of the executive director, shortly after the announcement of the Group's year end results. Executive directors are required to hold any such shares for a minimum period of three years, other than to the extent necessary to fund their tax liability on the receipt of shares. On 7 October 2003 16,881 shares were purchased on behalf of David Gill and 11,535 shares on behalf of Nick Humby in respect of the share element of the annual performance bonus for the year ended 31 July 2003. The price paid for these shares was £2.45 each. These shares are included in the directors' interests in shares shown on page 50.

Long Term Incentive Plan (the LTIP)

Under the terms of the LTIP, Company shares may be awarded each year to participants, on a discretionary basis, at nil cost, and subject to a maximum of 100 per cent of the participant's basic salary. These awards are subject to challenging real adjusted EBITDA (operating profit before depreciation and amortisation of intangible fixed assets) growth performance conditions. Awards do not vest in full unless the percentage growth in adjusted EBITDA exceeds RPI (retail price index) growth by at least 9.1 per cent per annum over a three-year performance period. No shares vest if real adjusted EBITDA growth is below 2.4 per cent per annum over the three-year performance period. Shares vest on a straight line basis between 12.5 per cent and 100 per cent if real adjusted EBITDA growth of between 2.4 and 9.1 per cent per annum is achieved over the three-year performance period. The extent to which awards vest on fulfilment of the performance condition is determined by the Committee. If the award or any part of it has not vested upon the third anniversary of the date the award was made the unvested part will lapse.

In respect of any outstanding awards made prior to 31 July 2003, the Company's real adjusted EBITDA growth may be remeasured annually for a further two years, but always from the date the award was made. If the award or any part of it has not vested upon the fifth anniversary of the date the award was made the unvested part will lapse.

The Committee considers real adjusted EBITDA growth to be an appropriate performance measure because it is a key performance indicator used within the business which measures the Company's cash-generating capabilities.

In October 2003, LTIP awards equal to 100 per cent of basic salary were awarded to David Gill and Nick Humby, being the executive directors in office at that time. The maximum number of shares that could eventually be transferred to each executive director upon satisfaction of the performance criteria is shown on page 50. The shares required to make awards under the LTIP are purchased in the market via a trust funded by the Company. There is no dilution of the Company's issued share capital.

Executive share option plan (the Option Plan)

Under the terms of the Option Plan, options over the Company's shares may be granted each year to participants, on a discretionary basis, at not less than the prevailing market price and subject to a maximum of 200 per cent of the participant's basic salary. All options granted under the Option Plan are subject to performance conditions for exercise as determined annually by the Committee. All options lapse if not exercised within ten years from the date of grant.

Options granted prior to 15 November 2001 may not be exercised unless the Company's Total Shareholder Return (defined as share price growth and net dividends paid) over a period of three consecutive years exceeds the Total Shareholder Return of a company placed in the median position of those companies in the FTSE Mid-250 at the start and still remaining in the FTSE Mid-250 at the end of the measurement period. In addition, the percentage growth in adjusted earnings per share must exceed the percentage growth in the retail price index (real adjusted EPS growth) by an average of at least 3 per cent per annum over a period of not less than three consecutive years.

Options granted between 15 November 2001 and 31 July 2003 may not be exercised in full unless the percentage growth in adjusted EBITDA exceeds the percentage growth in the retail price index (real adjusted EBITDA growth) over a period of not less than three consecutive years by at least 9.1 per cent per annum. No part of the option grant will be exercisable if real adjusted EBITDA growth is below 2.4 per cent per annum. The proportion of the option grant exercisable will increase on a straight line basis between 12.5 per cent and 100 per cent if real adjusted EBITDA growth of between 2.4 and 9.1 per cent per annum is achieved over the three-year performance period. The Company's real

Executive share option plan (the Option Plan) continued

adjusted EBITDA growth may be remeasured annually for a further two years, but always from the date of grant of the option. If the option grant or any part of it has not vested upon the fifth anniversary of the date of grant the unvested part will lapse.

The Committee has decided that the performance conditions for exercise in respect of options granted in the future will not be remeasured annually for a further two years, as was the case in the past. Accordingly, if the option grant or any part thereof has not vested upon the third anniversary of the date of grant the unvested part will lapse.

From November 2001, both the LTIP and the Option Plan used real adjusted EBITDA growth as their performance measure. In response to shareholder concerns that a different performance measure should be used for each equity plan, the Committee decided in 2003 that real adjusted EPS growth should be used as the Option Plan performance measure in respect of any grants made from 1 August 2003. Options granted from that date may not be exercised in full unless adjusted EPS growth exceeds RPI growth by at least 5 per cent per annum over a three-year performance period. No part of the option grant will be exercisable if adjusted EPS growth fails to exceed RPI growth by at least 3 per cent per annum. The proportion of the option grant exercisable will increase on a straight line basis between 50 per cent and 100 per cent if adjusted EPS growth exceeds RPI growth by between 3 and 5 per cent per annum over the three-year performance period. The Committee believes that, in relation to the Option Plan, in the absence of a suitable comparator group, adjusted EPS growth in excess of RPI growth is an appropriate measure for determining the increase in value delivered to shareholders by the Company's executive directors and other senior executives. No options were granted during the year.

Details of options granted to executive directors are shown on page 51. No options were granted to executive directors during the year. It is the Company's intention that new shares be issued, subject to institutional guidelines, on exercise of all outstanding options granted under the Option Plan.

In the event that grants are made to an individual under both the LTIP and the Option Plan in any year, it is intended that the maximum values that an individual will be able to obtain under the LTIP will be pro-rated to take into consideration any award made to him under the Option Plan and vice versa.

The performance-related incentive arrangements, when valued at target performance levels, comprise more than 50 per cent of the total remuneration package for each director.

Other employment benefits

In common with other senior executives, executive directors are entitled to a range of benefits consisting of contributions to a money purchase pension scheme, a fully expensed company car, company mobile phone, life assurance, private medical insurance, income protection insurance and financial advice. Pension contributions payable to money purchase schemes in respect of executive directors and the taxable value of the other benefits are included in the directors' emoluments tables shown below. Executive directors are also eligible, on the same basis as other employees, to participate in the Company's Inland Revenue approved savings-related share option scheme.

Service contracts and compensation for termination

It is the Committee's policy that executive directors are employed on rolling contracts subject to 12 months' notice from either the executive or the Company, given at any time. The existing executive directors are employed on these terms. Their service contracts are available for inspection by any person at the Company's registered office during normal business hours on any day (weekends and public holidays excepted) and at the annual general meeting from 10.00 am on the day of the meeting until the conclusion of the meeting.

Service contracts do not provide explicitly for termination payments or liquidated damages but the Company may make payments in lieu of notice. If a contract is to be terminated, the Committee will, in each circumstance, determine the compensation that may be paid after applying such mitigation it considers is fair and reasonable. It will also take legal advice on the Company's liability to pay compensation and the amount of the compensation in each case.

External appointments undertaken by executive directors

The Board believes that experience of other companies' practices and challenges is valuable both for the personal development of its executive directors and for the Company. It is therefore the Company's policy to allow each executive director to accept non-executive directorships at other companies, provided the time commitment is not considered by the Board to be excessive. Fees are retained by the individual director. During the year ended 31 July 2004 David Gill received fees of £25,000. Neither Nick Humby nor Andy Anson received any such fees during that period. Details of individual directors' external appointments are given in their biographies on page 38.

Non-executive directors

Non-executive directors are appointed for an initial period of three years, which may be renewed for further three-year terms thereafter. However, as with all directors, they are required to stand for election at the next annual general meeting following appointment and thereafter at least every three years. A resolution will be proposed at the 2004 annual general meeting to amend the Articles of Association so that any non-executive director serving longer than nine years will be subject to annual re-election. Neither the Chairman nor any other non-executive director has a service contract. The dates of their appointment are shown in the table below. Their appointments may be terminated on one month's notice apart from that of the Chairman which is subject to three months' notice. In the event of early termination for whatever reason, they are not entitled to compensation. The terms and conditions of appointment of non-executive directors are available for inspection by any person at the Company's registered office during normal business hours on any day (weekends and public holidays excepted) and at the annual general meeting from 10.00 am on the day of the meeting until the conclusion of the meeting.

Non-executive directors' fees are determined having regard to the need to attract individuals of the right calibre and experience, the time and responsibilities entailed and fees paid by other companies. The remuneration of the Chairman and other non-executive directors is determined by the Board within the limits set in the Articles of Association. The Board receives advice on the Chairman's and non-executive directors' fees from the remuneration consultants, Watson Wyatt LLP. The non-executive directors, including the Chairman, are not eligible for pensions and do not participate in the Group's bonus or share schemes.

The remuneration report from page 46 to 49 up to and including this statement has not been audited. From this point until the end of the remuneration report on page 52, the disclosures, with the exception of the performance graph on page 52, have been audited.

Directors' emoluments

The remuneration of each director during the year ended 31 July 2004 is laid out below:

		Year ended 31 July 2004					2003
		Salaries/ fees £'000	Bonuses cash £'000	Bonuses shares[3] £'000	Benefits[4] £'000	**Total £'000**	Total £'000
Executive directors	Date of service contract[2]						
Andy Anson[5]	14 May 2004	92	55	14	6	**167**	–
David Gill	14 May 2004	435	270	185	19	**909**	507
Nick Humby	14 May 2004	222	135	94	9	**460**	332
Peter Kenyon	see note 6	44	–	14	3	**61**	701
		793	460	307	37	**1,597**	1,540
Non-executive directors	Date of appointment						
Martin Edwards	see note 7	–	–	–	–	–	53
Sir Roy Gardner	1 January 2000	100	–	–	–	**100**	80
Ian Much	1 January 2000	25	–	–	–	**25**	25
Maurice Watkins[8]	25 January 1991	25	–	–	–	**25**	25
Philip Yea	1 January 2000	25	–	–	–	**25**	25
		175	–	–	–	**175**	208
Total		**968**	**460**	**307**	**37**	**1,772**	1,748

Notes:

(1) The following are excluded from the table above:
- (a) pensions – see page 50;
- (b) Long Term Incentive Plan – see page 50; and
- (c) share options – see page 51. The amount of gain made by executive directors on the exercise of share options during the year was £284,000 (2003 £nil).

(2) All executive directors signed new service contracts on 14 May 2004.

(3) The Company expects to purchase shares awarded as part of the Company share element of the annual performance bonus scheme, in the market, shortly after the announcement of the Group's year end results. The above share bonus of £307,000 includes £32,000 relating to an underprovision in respect of the year ended 31 July 2003 which arose because the method used to calculate the number of shares to be purchased for that year was subject to share price volatility at the time of purchase.

(4) Benefits include all taxable benefits arising from employment by the Company, mainly the provision of a company car.

(5) Andy Anson joined the Company on 23 February 2004.

(6) Peter Kenyon resigned as a director on 8 September 2003 – the above table shows his emoluments up to that date. In addition to the above, emoluments (including benefits) of £173,876 were paid to Peter Kenyon in respect of the period 9 September 2003 to 31 January 2004 (the date his employment with the Company terminated). Emoluments and pension contributions (see below) paid in respect of Peter Kenyon covering the period 9 September 2003 to 31 January 2004 have been fully offset by monies received from third parties.

(7) Martin Edwards resigned as a director on 29 November 2002.

(8) In addition to the above, legal fees of £568,087 (2003 £371,773) were paid, in the ordinary course of business, to James Chapman & Co, a firm in which Maurice Watkins is the senior partner, in respect of services charged on an arm's length basis as the Group's solicitors.

There were no other material contracts with the Group in which any director had an interest.

Directors' pensions

Pension contributions to money purchase schemes during the year ended 31 July 2004 in respect of executive directors are included in the table below. The only element of remuneration which is pensionable is basic salary. These contributions are subject to Inland Revenue limits. Where such limits would be exceeded, the remaining benefits are increased to the level that would otherwise have been paid and are provided either in the form of contributions into a Funded Unapproved Retirement Benefit Scheme or as a payment in lieu of pension benefits, at the discretion of the executive director. Any such amounts are also included in the table below.

Pension contributions	**2004 £'000**	2003 £'000
Andy Anson	**14**	–
David Gill	**94**	58
Nick Humby	**39**	28
Peter Kenyon	**9**	71
Total	**156**	157

In addition to the above, money purchase pension scheme contributions of £33,382 were also paid in respect of Peter Kenyon covering the period 9 September 2003 to 31 January 2004.

Directors' interests in shares

The following table shows the beneficial interests of the directors who held office at 31 July 2004 in the ordinary shares of the Company:

	Shareholdings as at 31 July 2004	Shareholdings as at 1 August 2003	**LTIP Awards as at 31 July 2004**	LTIP Awards as at 1 August 2003
Executive directors				
Andy Anson	–	–	–	–
David Gill	**133,285**	40,257	**395,544**	202,638
Nick Humby	**32,366**	20,395	**221,721**	125,268
Non-executive directors				
Sir Roy Gardner	**15,000**	15,000	–	–
Ian Much	**2,500**	2,500	–	–
Maurice Watkins	**5,000,000**	6,000,000	–	–
Philip Yea	**15,000**	15,000	–	–

Notes:
(1) Shareholdings and LTIP awards shown as at 1 August 2003 or subsequent date of appointment.
(2) As at 31 July 2004, 706,484 (1 August 2003 607,915) shares were held by the trustees of the employee benefit trust under the LTIP rules. As with other employees, the directors are deemed to have a potential interest in those shares, being beneficiaries under the trust.

At 27 September 2004 there had been no changes to the directors' beneficial interests in the ordinary shares of the Company and the executive directors' interests in the LTIP since the year end.

The following table gives details of the LTIP share awards held for each executive director who served during the year:

	Award date	Vesting date	Market price of a share on award £	Interest at 1 August 2003	Awards during year	Awards lapsed during year	Awards vested during year(1)	**Interest at 31 July 2004**
David Gill	08.10.02	08.10.05	1.0178	202,638	–	–	–	**202,638**
	04.12.03	04.12.06	2.3327	–	192,906	–	–	**192,906**
Total				202,638	192,906	–	–	**395,544**
Nick Humby	08.10.02	08.10.05	1.0178	125,268	–	–	–	**125,268**
	04.12.03	04.12.06	2.3327	–	96,453	–	–	**96,453**
Total				125,268	96,453	–	–	**221,721**
Peter Kenyon(2)	08.10.02	08.10.05	1.0178	280,009	–	280,009	–	**–**
Total				280,009	–	280,009	–	**–**

Notes:
(1) No awards were due to vest during the year. The first awards under the LTIP are scheduled to vest on 8 October 2005, subject to the achievement of the performance conditions referred to on page 47.
(2) Upon termination of Peter Kenyon's employment with the Company on 31 January 2004, he forfeited the above share award.

Directors' interests in share options

The following table gives details of share options held for each executive director who served during the year:

	Grant date	Options held as at 1 August 2003	Options granted during year	Options lapsed during year	Options exercised during year(1)	**Options held as at 31 July 2004**	Exercise price £	Date from which exercisable(2)	Expiry date
David Gill									
Executive share option plan	20.11.97	400,000	–	–	400,000	–	1.5900	20.11.00	20.11.07
Executive share option plan	17.11.00	95,338	–	–	–	**95,338**	2.3600	17.11.03	17.11.10
Sharesave scheme(3)	02.11.01	17,150	–	–	–	**17,150**	0.9650	01.12.06	01.06.07
Executive share option plan	15.11.01	385,899	–	–	–	**385,899**	1.3475	15.11.04	15.11.11
Total		898,387	–	–	400,000	**498,387**			
Nick Humby									
Executive share option plan	07.01.02	223,385	–	–	–	**223,385**	1.4325	07.01.05	07.01.12
Sharesave scheme(3)	31.10.03	–	4,906	–	–	**4,906**	1.8800	01.12.06	01.06.07
Total		223,385	4,906	–	–	**228,291**			
Peter Kenyon(4)									
Executive share option plan	20.11.97	500,000	–	–	500,000	–	1.5900	20.11.00	20.11.07
Executive share option plan	17.11.00	137,711	–	137,711	–	–	2.3600	17.11.03	17.11.10
Sharesave scheme(3)	02.11.01	9,844	–	9,844	–	–	0.9650	01.12.04	01.06.05
Executive share option plan	15.11.01	534,322	–	534,322	–	–	1.3475	15.11.04	15.11.11
Total		1,181,877	–	681,877	500,000	–			

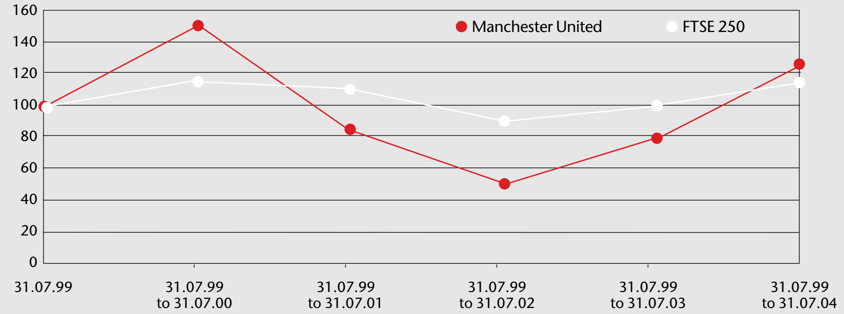
Notes:
(1) Options were exercised on 17 October 2003 at a price of £2.30.
(2) The Committee has confirmed that the performance conditions in respect of the options exercisable from 17 November 2003 have been met.
(3) The Company operates an Inland Revenue approved savings-related share option scheme, the Sharesave scheme. The scheme is designed to provide a long-term savings and investment opportunity for eligible employees, including executive directors.
(4) Upon termination of Peter Kenyon's employment with the Company on 31 January 2004, he forfeited all of the remaining options granted to him. The amount of gain made by Peter Kenyon on the exercise of share options during the year was £355,000 (2003 £nil).
(5) Options granted under the executive share option plan (the Option Plan) are subject to the achievement of the performance conditions referred to on pages 47 and 48.
(6) The market price of the shares at 31 July 2004 was £2.535 (2003 £1.6275) and the range during the year was £1.60 to £2.795.

Performance graph

The graph below shows the Total Shareholder Return (TSR) performance of the Company compared to the TSR of the FTSE 250 over the last five financial years. The FTSE 250 has been chosen, as the Company has been a constituent of this index throughout the relevant period. However, TSR is not considered the most appropriate performance measure for the Company's long-term incentive arrangements.

Manchester United versus FTSE 250

Total shareholder return of Manchester United against the total return of the FTSE 250 Actuaries Share Index



This remuneration report has been approved by the Board and signed on its behalf by

Ian Much Remuneration Committee Chairman
27 September 2004

Financial statements

Contents

Consolidated profit and loss account For the year ended 31 July 2004

	Note	2004 £'000	2003 £'000
Turnover: Group and share of joint venture		**171,500**	174,936
Less: Share of joint venture		**(2,420)**	(1,935)
Group turnover	2	**169,080**	173,001
Operating expenses – other	3	**(139,170)**	(144,033)
Operating expenses – exceptional costs	4	**–**	(2,197)
Total operating expenses		**(139,170)**	(146,230)
Group operating profit before depreciation and amortisation of intangible fixed assets		**58,340**	55,072
Depreciation		**(6,591)**	(7,283)
Amortisation		**(21,839)**	(21,018)
Group operating profit		**29,910**	26,771
Share of operating loss in:			
– Joint venture		**(147)**	(407)
– Associates		**(11)**	(47)
Total operating profit: Group and share of joint venture and associates		**29,752**	26,317
Profit on disposal of associate		**173**	409
(Loss)/profit on disposal of players	11c	**(3,084)**	12,935
Profit before interest and taxation		**26,841**	39,661
Net interest receivable/(payable)	5	**1,066**	(316)
Profit on ordinary activities before taxation		**27,907**	39,345
Taxation	7	**(8,486)**	(9,564)
Profit for the year		**19,421**	29,781
Dividends	9	**(6,974)**	(10,391)
Retained profit for the year	23	**12,447**	19,390
Basic and diluted earnings per share (pence)	10	**7.4**	11.5
Basic and diluted adjusted earnings per share (pence)	10	**14.1**	14.3

Statement of total recognised gains and losses

	2004 £'000	2003 £'000
Profit for the financial year	**19,421**	29,781
Share of increase in joint venture reserves (note 23)	**100**	–
Credit in relation to long-term incentive awards	**365**	208
Consideration paid for purchase of shares held by ESOP trust	**(231)**	(623)
Profit for the year and total recognised gains and losses in the year	**19,655**	29,366
Prior year adjustment (note 1)	**(415)**	
Total gains recognised since last annual report	**19,240**	

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

The accompanying notes on pages 59 to 78 are an integral part of these financial statements.

Consolidated balance sheet At 31 July 2004

	Note	2004 £'000	2003 £'000 Restated (note 1)
Fixed assets			
Intangible assets	11	**78,233**	55,299
Tangible assets	12	**125,093**	125,526
Loan to joint venture	13	**1,000**	1,000
Investment in associate	13	**178**	189
		204,504	182,014
Current assets			
Stocks	14	**216**	208
Debtors – amounts falling due within one year	15	**39,487**	30,756
Debtors – amounts falling due after more than one year	15	**1,760**	13,219
Intangible asset held for resale	31	**1,382**	11,941
Cash at bank and in hand		**36,048**	28,576
		78,893	84,700
Creditors – amounts falling due within one year	16	**(44,635)**	(50,202)
Net current assets		**34,258**	34,498
Total assets less current liabilities		**238,762**	216,512
Creditors – amounts falling due after one year	17	**(8,795)**	(2,391)
Provision for liabilities and charges			
Deferred taxation	19	**(5,330)**	(5,506)
Other provisions	19	**(1,550)**	–
Investment in joint venture:	19		
– Share of gross assets		**260**	375
– Share of gross liabilities		**(4,760)**	(4,641)
		(4,500)	(4,266)
Accruals and deferred income			
Deferred grant income	20	**(856)**	(1,011)
Other deferred income	21	**(44,377)**	(46,920)
Net assets		**173,354**	156,418
Capital and reserves			
Share capital	22	**26,219**	25,977
Share premium account	23	**4,013**	–
Other reserves	23	**600**	500
Profit and loss account	23	**142,522**	129,941
Equity Shareholders' funds	24	**173,354**	156,418

The financial statements on pages 54 to 78 were approved by the Board of Directors on 27 September 2004 and signed on its behalf by:

David Gill Director **Nick Humby** Director

The accompanying notes on pages 59 to 78 are an integral part of these financial statements.

Company balance sheet At 31 July 2004

	Note	2004 £'000	2003 £'000 Restated (note 1)
Fixed assets			
Tangible assets	12	**21,999**	24,050
Investments	13	**2,271**	2,271
		24,270	26,321
Current assets			
Stocks	14	**216**	208
Debtors	15	**92,428**	92,101
Cash at bank and in hand		**31,341**	19,929
		123,985	112,238
Creditors – amounts falling due within one year	16	**(14,454)**	(23,112)
Net current assets		**109,531**	89,126
Total assets less current liabilities		**133,801**	115,447
Provision for liabilities and charges	19	**(1,550)**	–
Accruals and deferred income			
Deferred income	21	**(6,968)**	(10,022)
Net assets		**125,283**	105,425
Capital and reserves			
Share capital	22	**26,219**	25,977
Share premium account	23	**4,013**	–
Profit and loss account	23	**95,051**	79,448
Equity Shareholders' funds	24	**125,283**	105,425

The financial statements on pages 54 to 78 were approved by the Board of Directors on 27 September 2004 and signed on its behalf by:

David Gill Director **Nick Humby** Director

The accompanying notes on pages 59 to 78 are an integral part of these financial statements.

Consolidated cash flow statement For the year ended 31 July 2004

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Net cash inflow from operating activities			**58,769**		57,939
Returns on investments and servicing of finance					
Interest received		**1,169**		316	
Interest paid		**(112)**		(167)	
Net cash inflow from returns on investments and servicing of finance			**1,057**		149
Taxation paid			**(11,052)**		(10,602)
Capital expenditure and financial investment					
Net proceeds from sale of players' registrations	11c	**16,009**		11,122	
Purchase of players' registrations	11c	**(44,813)**		(18,983)	
Proceeds from sale of tangible fixed assets		**2,154**		2,235	
Purchase of tangible fixed assets		**(6,922)**		(6,425)	
Net cash outflow from capital expenditure and financial investment			**(33,572)**		(12,051)
Acquisitions and disposals					
Proceeds from sale of investment in associated company		**173**		962	
Net cash inflow from acquisitions and disposals			**173**		962
Equity dividends paid			**(11,927)**		(8,131)
Cash inflow before management of liquid resources and financing			**3,448**		28,266
Financing					
Issue of ordinary share capital		**4,255**		–	
Purchase of shares held through ESOP trust		**(231)**		(623)	
Net cash inflow/(outflow) from financing			**4,024**		(623)
Increase in cash in the year	25		**7,472**		27,643

Note to consolidated cash flow statement For the year ended 31 July 2004

Reconciliation of operating profit to net cash inflow from operating activities

	2004 £'000	2003 £'000
Net cash generated from operating activities		
Group operating profit	**29,910**	26,771
Depreciation charges	**6,591**	7,283
Amortisation of players' registrations	**21,839**	21,018
Credit in relation to long-term incentive awards	**365**	208
Profit on disposal of tangible fixed assets	**(275)**	(691)
Grants released	**(155)**	(183)
Increase in stocks	**(8)**	(12)
Increase in debtors	**(285)**	(5,357)
Increase in creditors and deferred income	**787**	8,902
Net cash inflow from operating activities	**58,769**	57,939

The accompanying notes on pages 59 to 78 are an integral part of these financial statements.

1 Accounting policies

Other than as noted below, the results have been prepared on the same basis and using the same accounting policies as those used in the preparation of the full year's accounts to 31 July 2003. The Group has adopted the accounting treatment required by UITF abstract 38 'Accounting for ESOP trusts'. As a result, the corresponding balance sheet amounts have been restated to reclassify the Company's own shares as a deduction in arriving at shareholders' funds. Reserves for the prior periods have been reduced by £415,000 to reflect this change (notes 23 and 24). The Company has also adopted the requirements of UITF abstract 17 (revised 2003) in relation to employee share schemes. This has not had any effect on the profit and loss account in the current and prior periods.

Basis of accounting
The financial statements have been prepared under the historical cost convention and have been drawn up to comply with applicable accounting standards.

Basis of consolidation
The accounts combine the results of Manchester United PLC and its subsidiary undertakings using acquisition accounting.

Undertakings, other than subsidiary undertakings in which the Group has an investment of at least 20% of the shares, and over which it exerts significant influence, are treated as associates. Entities in which the Group holds an interest on a long-term basis, and which are jointly controlled by the Group and other parties, are treated as joint ventures. The results for the joint venture and associate are based upon management accounts for the period ended 31 July 2004.

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

Associates
The Group profit and loss account includes the Group's share of the operating result and interest of the associate.

The investment in the associate is shown in the Group balance sheet using the equity method. The equity method records the Group's share of the underlying net assets of the associate.

Turnover
Turnover represents income receivable from the Group's principal activities excluding transfer fees and value added tax. Turnover is analysed between Matchday, Media and Commercial revenue streams.

Matchday
Matchday turnover comprises income receivable from all matchday activities from Manchester United games at Old Trafford, together with our share of gate receipts from cup matches not played at Old Trafford and fees receivable for the team undertaking pre-season tours and for arranging other events at the Old Trafford stadium. The share of gate receipts payable to the other participating club and competition organiser for domestic cup matches played at Old Trafford is treated as an operating expense.

Media
Media turnover represents income receivable from all UK and overseas media contracts, including contracts negotiated centrally by the FA Premier League and UEFA. In addition, media turnover includes income received by the exploitation of Manchester United media rights through the internet or wireless applications.

Commercial
Commercial turnover comprises income receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guarantees from Nike, together with amounts receivable for the use of the conference and catering facilities at the Old Trafford stadium on non-matchdays. Any additional income receivable from Nike in accordance with the profit sharing arrangements contained in the sponsorship and licencing contract which commenced on 1 August 2002, in excess of cumulative minimum guaranteed amounts, is taken to profit when it is probable that it will not be recouped in the future.

1 Accounting policies continued

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

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation.

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

	Reducing balance	Straight line
Freehold land	Nil	Nil
Freehold buildings	1.33%	75 years
Assets in the course of construction	Nil	Nil
Computer equipment and software	33 %	3 years
Plant and machinery	20% – 25%	4 – 5 years
General fixtures and fittings	15%	7 years

Tangible fixed assets acquired prior to 31 July 1999 are depreciated on a reducing balance basis at the rates stated above.

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

Stocks
Stocks comprising raw materials, consumables and goods held for resale are valued at the lower of cost and net realisable value.

Intangible fixed assets
The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised over the period covered by the player's initial contract.

Where a playing contract is extended, any costs associated with securing the extension are added to the unamortised balance at the date of the amendment and that book value is amortised over the remaining revised contract life.

Where a part of the consideration payable on acquiring a players registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur and is amortised from the start of the year in which the contingent payment becomes probable. The total amount which is currently considered possible but not probable is disclosed in note 28b.

Signing-on fees
Staff costs include signing-on fees payable to players representing part of their remuneration which are charged to the profit and loss account evenly over the period covered by the player's contract.

Grants
Grants receivable from the Football Trust and the former Football Grounds Improvement Trust in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred grant income in the balance sheet represents total grants received less amounts credited to the profit and loss account.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

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

1 Accounting policies continued

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

Provisions
Provision is made for the anticipated net costs of onerous leases on non-trading properties. The provision will be represented by the payment of costs, shortfalls on sub-tenanted property and expenses of early termination.

Investments
Investments in subsidiary undertakings in the company balance sheet are included at cost less any provision for impairment in value.

Financial instruments
The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates. Derivative instruments utilised by the Group include forward currency contracts. Such contracts are accounted for as hedges, with the instrument's impact on profit deferred until the underlying transaction is recognised in the profit and loss account.

Leases
Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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

Long Term Incentive Plan (LTIP)
Investments in the Company's own shares held by the Employee Share Ownership plan are included as a deduction from shareholders' funds. The intrinsic value (market value of shares on date of award) of the award is charged to the profit and loss account over the performance period with any related credit entry also being reflected in shareholders' funds. The charge is adjusted each period end to reflect lapses of awards and re-estimates of the number of awards likely to vest in relation to performance conditions.

2 Turnover

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

	2004 £'000	2003 £'000
Matchday	**61,206**	70,593
Media	**62,544**	56,218
Commercial	**45,330**	46,190
	169,080	173,001

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

	2004 £'000	2003 £'000
United Kingdom	**159,650**	160,485
Rest of World	**9,430**	12,516
	169,080	173,001

Media income from European cup competitions is distributed by the Football Association and is therefore classified as being of United Kingdom origin and destination. Rest of World turnover includes an allocation of income receivable from Nike based on the geographical split of sales.

3 Operating expenses – other

	2004 £'000	2003 £'000
Operations excluding player amortisation and trading:		
Staff costs (note 6)	**76,874**	79,517
Depreciation	**6,591**	7,283
Operating lease costs – land and buildings	**1,169**	754
Other operating charges	**32,897**	36,118
Auditors' remuneration: audit services	**81**	60
Auditors' remuneration: non-audit services	**149**	157
Grants released (note 20)	**(155)**	(183)
Profit on disposal of tangible fixed assets	**(275)**	(691)
	117,331	123,015
Player amortisation and trading:		
Amortisation of players' registrations	**21,839**	21,018
	139,170	144,033
Auditors' remuneration for non-audit services comprised:		
Taxation advice	**149**	155
Taxation advice charged to loss on disposal of players	**17**	–
Other	**–**	2
	166	157

4 Operating expenses – exceptional costs

	2004 £'000	2003 £'000
OFT enquiry into price fixing of replica football kit	–	1,693
Share of deficit on Football League Pension and Life Assurance Scheme (note 29)	–	504
	–	2,197

The charge of £1,693,000 relating to the OFT enquiry comprises a fine of £1,652,000 and professional fees of £41,000. The appeal against the fine has not yet been heard.

5 Net interest receivable/(payable)

	2004 £'000	2003 £'000
Interest receivable	**1,317**	314
Interest payable on bank loans and overdrafts	**(64)**	(192)
Share of interest payable of joint venture	**(187)**	(438)
	1,066	(316)

6 Staff costs

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

	2004 Number	2003 Number
Players	**69**	68
Ground staff	**90**	90
Ticket office and membership	**47**	44
Catering	**108**	109
Administration and other	**190**	182
Average number of employees	**504**	493

The Group also employs approximately 1,292 temporary staff on matchdays (2003 1,330).

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

	2004 £'000	2003 £'000
Wages and salaries	**61,456**	64,691
Bonuses	**4,966**	4,990
Social security costs	**8,425**	7,867
Other pension costs	**2,027**	1,969
	76,874	79,517

Details of directors' remuneration together with interest in shares and share options are given in the remuneration report on pages 46 to 52.

7 Taxation

	2004 £'000	2003 £'000
Corporation tax at 30% (2003 30%) on the profit for the year	**8,662**	12,753
Adjustment in respect of previous years	**–**	(3,448)
Total current tax	**8,662**	9,305
Deferred taxation: origination and reversal of timing differences (note 19)	**(176)**	51
Adjustment in respect of previous years	**–**	208
Total deferred tax	**(176)**	259
Tax on profit on ordinary activities	**8,486**	9,564

The tax rate for the year is higher (2003 lower) than that resulting from applying the standard rate of corporation tax in the UK: 30% (2003 30%).

A reconciliation of current tax is shown below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	**27,907**	39,345
Profit on ordinary activities multiplied by the standard rate of 30% (2003 30%)	**8,372**	11,804
Effects of:		
Adjustment to tax in respect of previous years	**–**	(3,448)
Expenses not deductible for tax purposes	**593**	1,000
Capital allowances and other timing differences	**176**	(51)
Gain on exercise of share options	**(479)**	–
	8,662	9,305

8 Profit for the year

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not presented its own profit and loss account. The Company's profit for the year was £22,443,000 (2003 £23,157,000).

9 Dividends

	2004 £'000	2003 £'000
Interim paid of 1.25 pence per share (2003 0.67 pence per share)	**3,277**	1,741
Proposed final of 1.40 pence per share (2003 1.83 pence per share)	**3,697**	4,754
Proposed special of nil pence per share (2003 1.50 pence per share)	–	3,896
	6,974	10,391

If approved, the final dividend will be paid on 19 November 2004 to shareholders on the register at 8 October 2004.

10 Earnings per ordinary share

The calculation of earnings per share is based on the profit for the year and the weighted average number of ordinary shares in issue for the year of 260,734,479 (2003 259,276,711). Share options outstanding at each year end have no dilutive effect on basic earnings per share.

The calculation of diluted earnings per share is based on the profit for the year divided by the weighted average number of shares in issue, adjusted for the dilutive effect of outstanding share awards, being 262,189,660 (2003 259,992,683) shares.

An adjusted earnings per share figure has also been calculated in order to allow the shareholders to gain a clearer understanding of the trading performance of the Group.

Details of the adjusted earnings per share are set out below:

	2004		2003	
	Earnings after tax £'000	**Earnings per share pence**	Earnings after tax £'000	Earnings per share pence
Basic and diluted earnings per share	**19,421**	**7.4**	29,781	11.5
Exceptional costs	–	–	1,538	0.6
Amortisation of players' registrations	**15,287**	**5.9**	14,713	5.7
Loss/(profit) on disposal of players' registrations	**2,159**	**0.8**	(9,055)	(3.5)
Adjusted earnings per share	**36,867**	**14.1**	36,977	14.3

11 Intangible fixed assets

a)

Group	Transfer fee to other clubs £'000	Agents fees £'000	FAPL levy (net of refunds) £'000	Other costs £'000	Total £'000
Cost of players' registrations					
At 1 August 2003	80,229	6,060	2,528	482	89,299
Additions	44,008	5,501	1,122	17	50,648
Disposals	(7,049)	(400)	(352)	–	(7,801)
Transfer to asset held for resale	(6,471)	(730)	(157)	(10)	(7,368)
At 31 July 2004	**110,717**	**10,431**	**3,141**	**489**	**124,778**
Amortisation of players' registrations					
At 1 August 2003					34,000
Charge for the year					21,839
Provision for loss on disposal					1,893
Disposals					(5,201)
Transfer to asset held for resale					(5,986)
At 31 July 2004					**46,545**
Net book value of players' registrations					
At 31 July 2004					**78,233**
At 31 July 2003					55,299

11 Intangible fixed assets continued

b) Individual player contract status and asset values

Player	Date first contract commenced	Current contract expiry date	Cost 31.07.04 £'000	Charge in 2003/4 £'000	NBV 31.07.04 £'000	In creditors at 31.07.04 £'000	Contingent payables[1] £'000
Acquired Players							
Bellion	Jul-03	Jun-07	2,812	703	2,109	100	–
Carroll	Jul-01	Jun-05	3,386	978	978	–	–
Djemba Djemba	Jul-03	Jun-08	3,456	691	2,765	175	665
Ferdinand	Jul-02	Jun-07	31,120	6,300	18,899	300	–
Fortune	Aug-99	Jun-06	1,575	31	60	–	–
Heinze	Jul-04	Jun-09	6,807	116	6,692	2,878	–
Howard	Jul-03	Jun-07	2,258	565	1,694	–	262
Keane	Jul-93	Jun-06	3,750	–	–	–	–
Kleberson	Aug-03	Jun-08	5,795	1,150	4,645	400	–
Lopez	Aug-02	Jun-05	1,498	499	499	–	–
Ronaldo	Aug-03	Jun-08	11,959	2,373	9,586	7,058	–
Saha	Jan-04	Jun-09	12,515	1,198	11,317	–	–
Silvestre	Sep-99	Jun-07	4,340	141	410	–	–
Smith	May-04	Jun-09	7,050	250	6,800	500	–
Solskjaer	Jul-96	Jun-06	1,500	–	–	–	–
Van Nistelrooy	Jul-01	Jun-08	19,791	3,023	9,333	1,339	–
Others (cost <£1m)			5,166	884	2,446	566	8,169
			124,778	**18,902**	**78,233**	**13,316**	**9,096**
Home grown players[2]							
Brown		Jun-05	–	–	–	–	–
Fletcher		Jun-07	–	–	–	–	–
Giggs		Jun-06	–	–	–	–	–
Neville G		Jun-09	–	–	–	–	–
Neville P		Jun-09	–	–	–	–	–
O'Shea		Jun-06	–	–	–	–	–
Scholes		Jun-07	–	–	–	–	–
Disposals in the year							
Barthez			–	1,300	–	–	–
Forlan			–	1,637	–	186	–
			124,778	**21,839**	**78,233**	**13,502**	**9,096**

Notes:
(1) Contingent assets and liabilities are conditional upon playing appearances, new playing contracts or team performance (of either MUFC in relation to acquisitions or the buying club in relation to disposals). The conditional assets are recognised when all the conditions have been fulfilled, conditional liabilities are recognised once the payment becomes probable rather than possible.
(2) Players in first team squad at 31.07.04.

11 Intangible fixed assets continued

c) Player registration trading summary

Player registration disposals during the year

Player	Sale to Club	Unconditional proceeds receivable £'000	Conditional proceeds receivable £'000	NBV £'000	Other £'000	Profit and loss for year £'000	Cash flow in year £'000	Outstanding unconditional debtor £'000	Unrecognised conditional assets[1] £'000
Transfers out – prior years									
Beckham	Real Madrid	–	855	–	29	884	11,930	–	5,833
Cole	Blackburn Rovers	–	200	–	–	200	200	–	–
Stam	S.S.Lazio	–	–	–	–	–	–	12,000	–
Yorke	Blackburn Rovers	–	600	–	–	600	600	–	–
Others		–	–	–	368	368	181	150	–
Transfers out – current year									
Butt	Newcastle United	2,000	–	–	(500)	1,500	(250)	2,000	–
Veron	Chelsea	–	750	–	–	750	5,872	6,250	1,250
Contract terminations									
Barthez	Termination	–	–	(2,600)	(2,563)	(5,163)	(2,474)	–	–
Chadwick	Termination	–	–	–	(330)	(330)	(50)	–	–
Forlan	Provision for loss on disposal	–	–	(1,893)	–	(1,893)	–	–	–
		2,000	**2,405**	**(4,493)**	**(2,996)**	**(3,084)**	**16,009**	**20,400**	**7,083**

Player registration acquisition during the year

Player	From Club	Unconditional transfer fee £'000	Conditional transfer fees paid/ payable £'000	Agents fees £'000	FAPL Levy £'000	Other £'000	Total capitalised £'000	Cash flow in year £'000	Outstanding unconditional creditor £'000	Unrecognised conditional liability[1] £'000
Transfers in – prior years										
Bellion	Sunderland	500	200	–	(22)	–	678	2,303	100	–
Carroll	Wigan Athletic	–	500	–	25	–	525	525	–	–
Djemba Djemba	FC Nantes Atlantique	–	–	–	(84)	–	(84)	3,125	175	665
Ferdinand	Leeds United	–	1,500	–	14	–	1,514	2,339	300	–
Howard	Major League Soccer	–	–	–	(40)	–	(40)	702	–	262
Steele	Peterborough	–	400	–	9	–	409	409	–	–
Van Nistelrooy	PSV Eindhoven	–	–	1,202	–	–	1,202	331	1,339	–
Others (cost < £1m)		–	–	–	–	–	–	107	186	5,973
Transfer in – current year										
Heinze	Paris Saint Germain	5,983	–	525	299	–	6,807	3,929	2,878	–
Kleberson	Club Atletico Paranaense	5,000	–	680	115	–	5,795	5,395	400	–
Ronaldo	Sporting Lisbon	10,587	–	1,129	243	–	11,959	4,901	7,058	–
Saha	Fulham	11,500	–	750	265	–	12,515	12,515	–	–
Smith	Leeds United	6,000	–	750	300	–	7,050	6,550	500	–
Others (cost < £1m)		1,838	–	465	(2)	17	2,318	1,682	566	2,196
		41,408	**2,600**	**5,501**	**1,122**	**17**	**50,648**	**44,813**	**13,502**	**9,096**

(1) Contingent assets and liabilities are conditional upon playing appearances, new playing contracts or team performance (of either MUFC in relation to acquisitions or the buying club in relation to disposals). The conditional assets are recognised when all the conditions have been fulfilled, conditional liabilities are recognised once the payment becomes probable rather than possible.

11 Intangible fixed assets continued

d) Payments to agents during the year

Player	Agents payments creditor at 31.07.03 £'000	Agents payments capitalised to intangibles in the year £'000	Agents payments on disposals in the year £'000	Agents payments charged to P&L in the year £'000	Agents fees: Paid in year to 31.07.04 £'000	Agents fees: In creditors at 31.07.04 £'000
Djemba Djemba	350	–	–	–	175	175
Ferdinand	1,125	–	–	–	825	300
Fletcher[1]	–	–	–	100	100	–
Forlan	293	–	–	–	107	186
Heinze	–	525	–	–	100	425
Kleberson	–	680	–	–	280	400
Lopez	–	–	–	55	55	–
Miller	–	100	–	–	100	–
Pique	–	149	–	–	–	149
Ronaldo	–	1,129	–	–	1,129	–
Rossi	–	33	–	–	–	33
Saha	–	750	–	–	750	–
Silvestre	–	–	–	84	84	–
Smith	–	750	–	–	250	500
Van Nistelrooy	468	1,202	–	–	331	1,339
Veron	–	–	500	–	500	–
Others	74	183	–	–	245	12
	2,310	**5,501**	**500**	**239**	**5,031**	**3,519**

(1) Darren Fletcher was represented by Francis Martin who was a Director of Elite Sports Group Limited.

12 Tangible fixed assets

Group	Freehold property £'000	Assets under construction £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 August 2003	116,202	–	29,494	12,741	158,437
Additions	1,989	2,819	3,158	71	8,037
Disposals	(1,847)	–	(450)	–	(2,297)
At 31 July 2004	**116,344**	**2,819**	**32,202**	**12,812**	**164,177**
Depreciation					
At 1 August 2003	6,660	–	18,460	7,791	32,911
Charge for the year	1,317	–	4,400	874	6,591
Disposals	(109)	–	(309)	–	(418)
At 31 July 2004	**7,868**	**–**	**22,551**	**8,665**	**39,084**
Net book value					
At 31 July 2004	**108,476**	**2,819**	**9,651**	**4,147**	**125,093**
At 31 July 2003	109,542	–	11,034	4,950	125,526

The directors consider that the market value of interests in freehold property is at least that shown as the net book value of the assets. A valuation on a depreciated replacement cost basis, as reported on by Dunlop Heywood Lorenz Ltd, Property Consultants, as at 31 July 2003, showed a valuation surplus, not incorporated in these financial statements, in the order of £69 million.

Company	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 August 2003	24,590	4,235	515	29,340
Additions	–	612	18	630
Disposals	(1,847)	(198)	–	(2,045)
At 31 July 2004	**22,743**	**4,649**	**533**	**27,925**
Depreciation				
At 1 August 2003	2,196	2,751	343	5,290
Charge for the year	146	715	31	892
Disposals	(109)	(147)	–	(256)
At 31 July 2004	**2,233**	**3,319**	**374**	**5,926**
Net book value				
At 31 July 2004	**20,510**	**1,330**	**159**	**21,999**
At 31 July 2003	22,394	1,484	172	24,050

13 Fixed asset investments

Group	Subsidiary undertakings £'000	Associated undertakings £'000	Joint venture £'000	Loan to joint venture £'000	Total £'000
Cost					
At 1 August 2003	–	252	–	1,000	1,252
Share of prior year losses	–	(63)	–	–	(63)
Disposals[2]	–	–	–	–	–
Share of loss	–	(11)	(334) [1]	–	(345)
Transfer to provision for liabilities and charges	–	–	334	–	334
At 31 July 2004	**–**	**178**	**–**	**1,000**	**1,178**
Net book value					
At 31 July 2004	**–**	**178**	**–**	**1,000**	**1,178**
At 31 July 2003	–	189	–	1,000	1,189
Company					
Cost					
At 1 August 2003 and 31 July 2004	**1,019**	**252**	**–**	**1,000**	**2,271**

(1) In accordance with FRS 9, 'Joint Ventures and Associates' the Group's share of losses from its investment in the joint venture of £334,000 has been calculated by reference to the proportion of ordinary shares it owns. The Group's cash investment, including its loan to the joint venture company, is limited to £1 million, of which £1 million had been paid at 31 July 2004.
(2) Additional receipts of £173,000 were received in the year, this related to the prior year disposal of the associate undertaking, Extramini Limited.

The following companies are the principal subsidiary undertakings, joint venture and associated undertaking of the Group at 31 July 2004:

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

14 Stocks

	Group		Company	
	2004 £'000	2003 £'000	**2004 £'000**	2003 £'000
Raw materials and consumables	**55**	55	**55**	55
Goods held for resale	**161**	153	**161**	153
	216	208	**216**	208

15 Debtors

	Group		Company	
	2004 £'000	2003 £'000	**2004 £'000**	2003 £'000
Amounts falling due within one year				
Trade debtors	**24,944**	14,255	**2,853**	1,658
Amounts due from subsidiary undertakings	**–**	–	**84,968**	85,835
Other debtors	**386**	306	**1**	–
Prepayments and accrued income	**14,157**	16,195	**4,252**	4,218
Deferred tax	**–**	–	**354**	390
	39,487	30,756	**92,428**	92,101
Amounts falling due after more than one year				
Trade debtors	**1,125**	12,284	**–**	–
Other debtors	**635**	935	**–**	–
	1,760	13,219	**–**	–
	41,247	43,975	**92,428**	92,101

Trade debtors include transfer fees receivable from other football clubs of £20,400,000 excluding VAT (2003 £23,398,000), of which £1,125,000 (2003 £11,985,000) is receivable after more than one year.

16 Creditors – amounts falling due within one year

	Group		Company	
	2004 £'000	2003 £'000	**2004 £'000**	2003 £'000
Trade creditors	**12,661**	12,579	**1,446**	2,076
Corporation tax	**6,126**	8,516	**4,203**	6,444
Social security and other taxes	**8,162**	8,690	**335**	869
Other creditors – pensions	**256**	277	**–**	–
Accruals	**13,733**	11,490	**4,773**	5,073
Dividends proposed	**3,697**	8,650	**3,697**	8,650
	44,635	50,202	**14,454**	23,112

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players registrations of £7,342,000 (2003 £6,069,000).

17 Creditors – amounts falling due after one year

	Group		Company	
	2004 £'000	2003 £'000	**2004 £'000**	2003 £'000
Trade creditors	**8,160**	1,500	–	–
Other creditors – pensions	**635**	891	–	–
	8,795	2,391	–	–

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players registrations of £6,160,000 (2003 Nil).

18 Financial Instruments

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

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

In order to protect against currency fluctuations in income receivable, mainly in respect of UEFA Champions League media revenues, the Group enters into forward foreign exchange contracts.

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

Financial liabilities
At 31 July 2004 the Group had financial liabilities of £10,345,000 (2003 £2,391,000), excluding short term trading items. Included in trade creditors is an amount of £1,000,000 which attracts interest at a rate based on the retail price index, other trade creditors do not attract interest. The other creditors attract interest at a rate of 8.4 per cent per annum. Included in financial liabilities is an amount of £1,550,000 for an onerous lease provision on a property. The provision represents the value of future liabilities discounted to current value and attracts interest at a floating rate.

The age profile of financial liabilities is shown below:

	Provision £'000	Other liabilities £'000
Within 1 year	302	–
Within 1 to 2 years	278	8,431
Within 2 to 5 Years	432	213
Over 5 years	538	151
	1,550	8,795

The Group had undrawn committed borrowing facilities available at 31 July 2004 of £29.5 million (2003 £29.5 million). These facilities are due for renewal in October 2004.

18 Financial Instruments continued

Financial assets

At 31 July 2004, as disclosed in note 15, the Group had trade and other debtors of £1,760,000 (2003 £13,219,000) receivable between one and two years from the balance sheet date. No interest is accruing on these amounts.

The currency profile of the Group's financial assets at 31 July 2004 and 31 July 2003 are set out below:

	Floating rate 2004 £'000	Floating rate 2003 £'000
Currency		
Sterling	**35,866**	23,009
US Dollar	**147**	29
Euro	**34**	5,200
Swiss Francs	**1**	338
	36,048	28,576

The floating rate financial assets at 31 July 2004 and 31 July 2003 comprised cash at bank and in hand and accrued interest based on LIBOR.

Currency exposures

The Group had monetary assets/(liabilities) denominated in currencies other than sterling, these are set out below:

	2004 £'000	2003 £'000
Net foreign currency monetary assets/(liabilities)		
US Dollar	**676**	(116)
Euro	**(5,812)**	13,376
Swiss Francs	**1**	2,475
	(5,135)	15,735

Hedges

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

At 31 July 2004 the Group had the following outstanding forward exchange contracts which have been translated at the contract rate:

	2004 £'000	2003 £'000
US Dollar	–	460
Euro	**16,724**	13,301
Swiss Francs	–	6,886
	16,724	20,647

Gains of £127,000 and losses of £280,000 arose in 2003/4 that were not recognised and have a year end book value of nil. Gains of £127,000 and losses of £250,000 are expected to be recognised within 2004/5, whilst the remaining loss of £30,000 is expected to be recognised after 2004/5.

During the year gains of £6,000 and losses of £406,000 have been recognised, which arose in 2002/3.

Fair values

The fair value of all financial instruments at 31 July 2004 and 31 July 2003, other than the forward contracts shown above, were not materially different from their book value.

19 Provision for liabilities and charges

a) Deferred taxation
The provision for deferred taxation/(deferred tax asset) comprises:

	Group		Company	
	2004 £'000	2003 £'000	**2004 £'000**	2003 £'000
Accelerated capital allowances	**5,936**	6,112	**(234)**	(270)
Short-term timing differences	**(606)**	(606)	**(120)**	(120)
	5,330	5,506	**(354)**	(390)

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

	Group £'000	Company £'000
At 1 August 2003	5,506	(390)
Amount (credited)/charged to profit and loss account (note 7)	(176)	36
At 31 July 2004	**5,330**	**(354)**

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

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

	Group £'000	Company £'000
At 1 August 2003	–	–
Amount transferred from creditors due within 1 year	750	750
Charge to profit and loss account	800	800
At 31 July 2004	**1,550**	**1,550**

The provision relates to a lease that expires in 2015.

c) Investment in joint venture
The movements in the share of gross assets less the share of gross liabilities in the joint venture were as follows:

	Group £'000
At 1 August 2003	4,266
Share of joint venture reserves	(100)
Loss for the year transferred from fixed asset investments (note 13)	334
At 31 July 2004	**4,500**

20 Deferred grant income

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

	Group £'000
At 1 August 2003	1,011
Grants released in the year	(155)
At 31 July 2004	**856**

21 Other deferred income

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

	Group		Company	
	2004 £'000	2003 £'000	**2004 £'000**	2003 £'000
Matchday activities	**37,350**	34,505	**–**	–
Media contracts	**–**	2,335	**–**	–
Commercial contracts	**7,027**	10,080	**6,968**	10,022
	44,377	46,920	**6,968**	10,022

22 Share capital

	Group and Company	
	2004 £'000	2003 £'000
Authorised:		
350,000,000 ordinary shares of 10 pence each	**35,000**	35,000

Allotted, called up and fully paid:

	Number	**£'000**
At 1 August 2003	259,768,040	25,977
Shares issued during the period	2,419,588	242
At 31 July 2004	**262,187,628**	**26,219**

Share option schemes:

	Executive Plan number	Savings-related scheme number	Total number
At 1 August 2003	5,845,546	869,854	6,715,400
Granted	–	111,132	111,132
Exercised	(2,400,000)	(19,588)	(2,419,588)
Lapsed	(921,908)	(172,102)	(1,094,010)
At 31 July 2004	**2,523,638**	**789,296**	**3,312,934**

	Executive Plan	Savings-related scheme
Options granted during the year:		
Exercise price range	–	£1.88
Average exercise price	–	£1.88
Latest exercise date	–	01.06.2009
Options outstanding at 31 July 2004:		
Exercise price range	£1.03 – £2.36	£0.80 – £1.97
Average exercise price	£1.39	£1.11
Latest exercise date	07.04.2013	01.06.2009

Options granted to directors are disclosed in the remuneration report on page 51.

23 Reserves

Group	Share premium account £'000	Other reserve £'000	Profit and loss account £'000
At 1 August 2003	–	500	130,356
Prior year adjustment (note 1)	–	–	(415)
At 1 August 2003 as restated	–	500	129,941
Retained profit for the year	–	–	12,447
Share of joint venture reserves	–	100	–
Premium on share issues	4,013	–	–
Credit in relation to long-term incentive awards	–	–	365
Consideration paid for purchase of shares held by ESOP trust	–	–	(231)
As at 31 July 2004	**4,013**	**600**	**142,522**

Company	Share premium account £'000	Profit and loss account £'000
At 1 August 2003	–	79,863
Prior year adjustment (note 1)	–	(415)
At 1 August 2003 as restated	–	79,448
Retained profit for the year	–	15,469
Premium on share issues	4,013	–
Credit in relation to long-term incentive awards	–	365
Consideration paid for purchase of shares held by ESOP trust	–	(231)
As at 31 July 2004	**4,013**	**95,051**

Under the terms of certain lotteries, past donations of £90,432 (2003 £459,044) received by one of the Company's subsidiaries, and included within the profit and loss account balance, are not available for distribution (and bank balances are restricted accordingly) until such monies have been expended within the terms of those lotteries on capital programmes relating to the provision of facilities for youth development or spectators at the Old Trafford football stadium. All past donations, including £750,000 expended during the year, having been so applied, are distributable. It is intended that the balance will be applied to such programmes and will thereby become distributable.

24 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2004 £'000	2003 £'000	**2004 £'000**	2003 £'000
Profit for the year	**19,421**	29,781	**22,443**	23,157
Consideration paid for purchase of shares held by ESOP trust	**(231)**	(623)	**(231)**	(623)
Fair value of long-term incentive awards	**365**	208	**365**	208
Dividends	**(6,974)**	(10,391)	**(6,974)**	(10,391)
	12,581	18,975	**15,603**	12,351
Issue of ordinary shares	**4,255**	–	**4,255**	–
Share of joint venture reserve	**100**	–	–	–
Net addition to equity shareholders' funds	**16,936**	18,975	**19,858**	12,351
Opening equity shareholders' funds (as restated)	**156,418**	137,443	**105,425**	93,074
Closing equity shareholders' funds	**173,354**	156,418	**125,283**	105,425

Group shareholders funds at 31 July 2003 were originally £156,833,000 before deducting a prior year adjustment of £415,000 (note 1).

25 Reconciliation of net cash inflow to movement in net funds

	Group	
	2004 £'000	2003 £'000
Increase in cash in the year	**7,472**	27,643
Opening net funds	**28,576**	933
Closing net funds	**36,048**	28,576

26 Analysis of changes in net funds

Group	At 1 August 2003 £'000	Cash flows £'000	**At 31 July 2004 £'000**
Cash at bank and in hand	28,576	7,472	**36,048**

27 Lease commitments

At 31 July 2004 the Group's operating lease commitments for the financial year to 31 July 2005 were as follows:

	2004 Land and buildings £'000	2003 Land and buildings £'000
Leases expiring:		
after five years	**338**	356

28 Commitments and contingent liabilities

a) Capital commitments
At 31 July 2004, capital commitments were:

	Group		Company	
	2004 £'000	2003 £'000	**2004 £'000**	2003 £'000
Contracted but not provided for	**91**	578	**–**	–

b) Transfer fees payable
Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Group if certain conditions are met. The maximum that could be payable is £9,096,000 (2003 £12,005,000) (note 11b).

At 31 July 2004 the potential amount payable by type of condition and category of player was:

Type of condition	First team squad £'000	Other £'000	Total £'000
MUFC appearances/new contract	927	6,299	7,226
International appearances	–	1,870	1,870
	927	**8,169**	**9,096**

c) Guarantee on behalf of associate
Manchester United PLC has undertaken to guarantee the property lease of its associate, Timecreate Limited. The lease term is 35 years with annual rentals of £400,000.

29 Pensions

a) Defined benefit scheme
Certain employees of the Group are members of The Football League Limited Pension and Life Assurance Scheme ('the Scheme'). Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit.

As one of a number of participating employers, the Group is advised only of its share of the deficit in the Scheme and was advised that its contributions to make good the deficit amounted to £1,520,000 and this has been charged to the profit and loss account in previous years. The latest actuarial valuation was at 31 August 2002 and the Group was advised that the deficit has increased and further contributions amounting to £504,000 were required.This amount was charged to the profit and loss account in full in the prior period (see note 4) as it is principally attributable to employees who have left the Group or retired. The revised deficit is being paid off over a period of 10 years commencing in April 2003.

b) Defined contribution schemes
Contributions made to defined contribution pension arrangements are charged to the profit and loss account in the year in which they become payable and amounted to £2,027,000 (2003 £1,969,000).

The assets of all pension schemes to which the Group contributes are held separately from the Group in independently administered funds.

30 Related party transactions

Transactions with related parties are described on page 49 of the remuneration report. There were no other material transactions or balances with related parties as defined by FRS 8 'Related party transactions'.

31 Post balance sheet events

Subsequent to the balance sheet date, the playing registration of Wayne Rooney has been acquired from Everton Football Club. The unconditional acquisition cost is £22,000,000, of which £10,500,000 is due after more than one year. Further conditional costs of £7,850,000 are payable dependent on Manchester United team success, the player signing a new contract and international appearances by the player. Of this conditional amount £3 million is guaranteed to Everton if the player stays with Manchester United until June 2007.

Further analysis is shown below:

	Transfer fee £'000's	Agents fee £'000's	FAPL Levy £'000's	Total £'000's
Unconditional cost	20,000	1,000	1,000	22,000
Conditional cost	7,000	500	350	7,850
Total	27,000	1,500	1,350	29,850

The playing registration of Diego Forlan has been disposed of for a total consideration, net of associated costs, of £1,382,000. The associated net book value of the playing registration at 31 July 2004 was £3,275,000. As the transaction was in progress at the balance sheet date, a provision for the loss on disposal of £1,893,000 has been included in these accounts. The revised carrying value of the registration of £1,382,000 has been transferred from intangible fixed assets (note 11) and re-classified as an intangible asset held for resale.

Statement of directors' responsibilities

The directors are required by company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group and of the profit of the Group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors confirm that the above requirements have been complied with in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors intend to publish this annual report on the Group's website www.manutd.com. The maintenance and integrity of this website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Manchester United PLC

We have audited the financial statements which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the consolidated balance sheet,the Company balance sheet, the consolidated cash flow statement and the related notes which have been prepared using the accounting policies set out in note 1 to the financial statements.

We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the directors' remuneration report on pages 49 to 51 ('the auditable part').

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the directors' remuneration report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for, and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose, or to any other person, to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

We report to you, our opinion as to whether the financial statements give a true and fair view and whether the financial statements and auditable part of the directors' remuneration report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's statement, the Operating and financial review, the financial review, the corporate social responsibility statement, the directors' report, the unaudited part of the directors' remuneration report and the corporate governance statement.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the affairs of the Company and the Group at 31 July 2004 and of the profit and cash flows of the Group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the directors' remuneration report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
27 September 2004

Five year summary

Financial record	2004 £'000	2003 £'000 Restated[3]	2002 £'000 Restated[2]	2001 £'000 Restated[1]	2000 £'000
					Year ended 31 July
Turnover	**169,080**	173,001	146,062	129,569	116,005
Group operating profit before depreciation and amortisation of intangible fixed assets	**58,340**	57,269	41,402	38,194	35,125
Depreciation	**(6,591)**	(7,283)	(6,923)	(6,514)	(5,052)
Amortisation of players	**(21,839)**	(21,018)	(17,647)	(10,173)	(13,092)
Exceptional costs	**–**	(2,197)	(1,414)	(2,073)	(1,300)
Group Operating profit	**29,910**	26,771	15,418	19,434	15,681
Share of results of joint venture and associate undertakings	**(158)**	(454)	(504)	(602)	(982)
Total operating profit (Group and share of joint venture and associates)	**29,752**	26,317	14,914	18,832	14,699
Profit on disposal of associate	**173**	409	–	–	–
(Loss)/profit on disposal of players	**(3,084)**	12,935	17,406	2,219	1,633
Net interest receivable/(payable)	**1,066**	(316)	27	727	456
Profit on ordinary activities before taxation	**27,907**	39,345	32,347	21,778	16,788
Taxation	**(8,486)**	(9,564)	(7,308)	(7,399)	(4,838)
Profit for the year	**19,421**	29,781	25,039	14,379	11,950
Dividends	**(6,974)**	(10,391)	(8,053)	(5,195)	(4,936)
Retained profit for the year	**12,447**	19,390	16,986	9,184	7,014
Equity Shareholders' funds	**173,354**	156,418	137,443	120,457	114,950
Earnings per share (pence)	**7.4**	11.5	9.6	5.5	4.6
Dividends per share (pence)	**2.65**	4.00	3.10	2.00	1.90
Dividend cover (times)	**2.8**	2.9	3.1	2.8	2.4

Notes:
(1) The results for 2001 have been restated following the adoption of FRS 19, 'Deferred Tax' in 2002. Therefore the results for 2000 are not directly comparable with those for subsequent years below profit on ordinary activities before taxation.
(2) The results for 2002 have been restated following the reclassification of an amount of £550,000 from other operating charges to exceptional costs.
(3) Equity shareholders' funds in 2003 have been reduced by £415,000 following the adoption of UITF abstract 38 'Accounting for ESOP trusts' in 2004.

Playing record

	2004	2003	2002	2001	2000
FA Premier League	3rd	Champions	3rd	Champions	Champions
FA Challenge Cup	Winners	5th Round	4th Round	4th Round	n/a
European Champions Cup	Last 16	quarter-final	semi-final	quarter-final	quarter-final

Analysis of shareholders

There were 39,119 holders of ordinary shares at 31 July 2004 and their holdings can be analysed as follows:

Size of shareholding	Number of shareholders	Percentage of total number of shareholders	Number of ordinary shares	Percentage of ordinary shares
1 – 1,000	31,734	81.12%	7,663,825	2.92%
1,001 – 50,000	7,169	18.33%	26,695,980	10.18%
50,001 – 100,000	84	0.21%	6,004,238	2.29%
100,001 – 500,000	89	0.23%	19,328,684	7.37%
500,001 – 1,000,000	19	0.05%	13,912,173	5.31%
Over 1,000,000	24	0.06%	188,582,728	71.93%
	39,119	100.00%	262,187,628	100.00%

Shareholders can be further analysed as follows:

Type of owner	Number of shareholders	Percentage of total number of shareholders	Number of ordinary shares	Percentage of ordinary shares
Nominees and institutional investors	1,158	2.96%	220,121,280	83.96%
Individual	37,961	97.04%	42,066,348	16.04%
	39,119	100.00%	262,187,628	100.00%

Financial calendar

Ex-dividend date for 2004 final dividend	6 October 2004
Record date for 2004 final dividend	8 October 2004
Annual general meeting	12 November 2004
Final dividend for the year ended 31 July 2004 to be paid	19 November 2004
Interim results	March 2005
Interim dividend	May 2005
Preliminary announcement of 2005 annual results	September 2005
Circulation of 2005 Annual Report to shareholders	October 2005

Registrars

Manchester United's shareholder register is maintained on our behalf by Computershare Investor Services PLC who are responsible for making dividend payments and updating the register, including details of changes to shareholders' addresses and purchase or sales of Manchester United shares. If you have a question about your shareholding in Manchester United PLC, you should contact our registrars at:

Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, telephone number 0870 702 0000.

Details of individual shareholdings can be accessed on Computershare's website at www.computershare.com

Buying and selling shares in the UK

If you wish to trade in Manchester United shares, you will need to use a stockbroker or high street bank which trades on the London Stock Exchange. There are many telephone and online services available. If you are selling, you will need to present your share certificate at the time of sale.

A low cost telephone dealing service has been arranged with Stocktrade which provides a simple way of buying or selling Manchester United shares. Basic commission is 0.5 per cent (subject to a minimum charge of £15). For further information please call 0845 947 0370 and quote reference Low Co0170.

Direct dividend payments

We offer shareholders the opportunity to have their dividends paid directly to a bank or building society account. This service gives shareholders a number of benefits:

- there is no chance of the dividend cheque going missing in the post; and
- the dividend payment is received more quickly as the cash is paid directly into the account on the payment date without the need to pay in the cheque and wait for it to clear.

Having your dividends paid in this way also helps us improve our efficiency by reducing cheque clearance costs. If you wish to register for this service, please call the Company's Registrars (see above) to request a dividend mandate form. The form is also available from our website (see below).

Tax vouchers are sent to shareholders' registered address under this arrangement unless instructed otherwise.

Dividend reinvestment plan

Shareholders have the opportunity to reinvest their cash dividend in existing shares through a dividend reinvestment plan. Enquiries concerning the plan should be addressed to the Plan Administrator at the Company's Registrars. In respect of the forthcoming dividend, all applications to join the plan or to amend existing instructions under it must be received by the Plan Administrator by 5:00 pm on 29 October 2004.

The Manchester United website

The Manchester United website at www.manutd.com provides news and information about the Company's activities.

The investor relations section of the website contains up-to-date information for shareholders including the Company's latest results and share price information. Visit http://ir.manutd.com/

Electronic communications

Shareholders who prefer to receive communications from Manchester United electronically are encouraged to register their e-mail address via the investor relations section of our website. The Company's Annual Report is available on the Manchester United website and, by registering, shareholders will receive an electronic notification when the Company's Annual Reports, Interim Reports and Notices of Meetings become available. Shareholders are also able to complete and return voting papers for the Company's annual general meeting electronically. Registration is free and easy to complete. All that is required for registration is the shareholder reference number which is shown on your tax vouchers and share certificates. Once you are registered, you may also look up a range of information including the number of Manchester United shares you hold, the registered name and address details and information held for dividend payment instructions. Shareholders are encouraged to take advantage of this facility as the Company believes it is a more convenient and prompt method of communication that also saves money for the Company and reduces demand on natural resources.

Share price information

The Manchester United share price, and historical details, may be viewed on our website. The current Manchester United share price is also available on FT Cityline (operated by the Financial Times), telephone number 0906 843 3276.

Shareholders can find share prices listed in most national newspapers. For an accurate buying or selling price, you should contact a stockbroker or high street bank.

Alternative formats

Copies of this annual report are available, if required, in alternative formats; large print, braille, and audio tape. Shareholders should contact the Company Secretary at the Company's registered office for details.

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