

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

Financial Analysis of Manchester United FC

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BACHELOR THESIS ASSIGNMENT

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Business Administration

Thesis title

Financial analysis of Manchester United FC

Objectives of thesis

Thesis goal is to evaluate financial situation in sport industry one of the best club in the world Manchester United FC. Financial statement analysis can yield valuable information about trends and relationships, the quality of company earnings, stocks of club, and swot analysis and financial position of club.

The purpose of this thesis is to assess the situation of this sport club in stock exchange, IPO, identifying the main challenge of financial activities and try to make technical analysis of club. Also the aim of thesis is identify key factors that influence Manchester United stock performance and try to understand for some reason the price of share worth so much on the stock exchange.

Methodology

The thesis divide by two main parts. A literature review and analytical part and practical research. The aim of first part is to acquaint readers with basic terms and tools used for IPO and financial analysis, also theory, instruction for company who wants to place its shares in stock exchange, sport industry in economical situation. In practical part will be used formulas, tables, graphs, and calculation capabilities.

These are three key methods for financial analyse of club: Moving averages, Bollinger Bands and Stochastic Oscillator.

In this thesis five main categories of financial analysis methods are used: profitability, solvency, liquidity and stability. Comparing with prior periods of company and tables of shares price

The proposed extent of the thesis

40 pages

Keywords

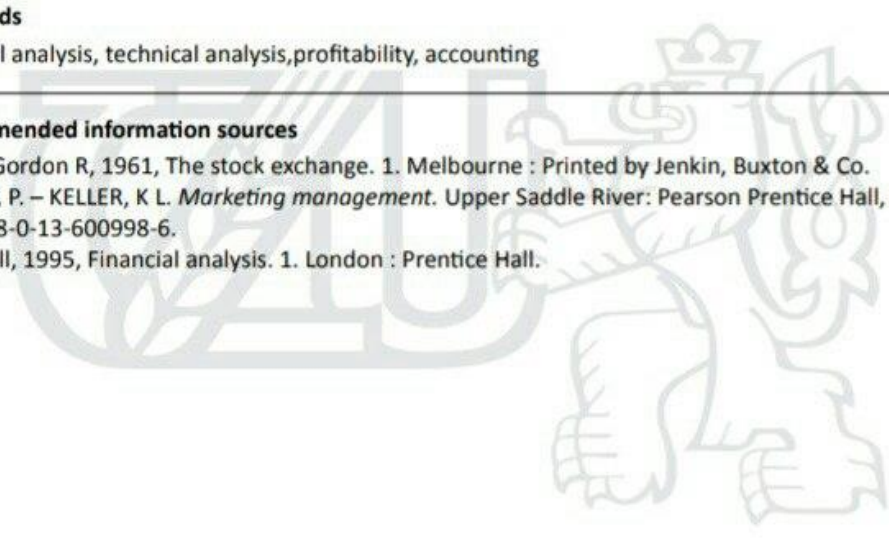
financial analysis, technical analysis, profitability, accounting

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Declaration

I declare that I have worked on my bachelor thesis titled “Financial Analysis of Manchester United FC” by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any third person.

In Prague, March 15, 2018.

Samir Babadjan

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Finanční analýza Manchester United FC

Souhrn

Tato bakalářské práce se zabývá témě "Finanční analýza Manchester United FC.". Cílem této práce vyhodnotit finanční situaci a zvážit IPO trhu v odvětví sportu, na příklad jednoho z nejlepších a nejbohatších klubu na světě Manchester United. Práce je rozdělena do dvou částí. Zaprvé je to teoretická část, která představuje a definuje základní pojmy v burze cenných papírů, IPO, ekonomice fotbalu. Zadruhé to jsou důvody změny akciové hodnoty klubu a technická analýza. Grafiky a diagramy se používají pro vizualizaci a prokazují změny v hlavní činnosti finančního prohlášení. Cílem této části je zhodnotit silné a slabé stránky podniku a ukázat jestli je rozumně investovat do fotbalového klubu a fotbalového průmyslu.

Klíčová slova: Finanční analýza, technická analýza, rentabilita, cena akcií, příjmy, burza, IPO trhu, sport průmysl, historii fotbalu, finančních výkazů.

Financial Analysis of Manchester United FC

Summary

This diploma thesis explored the topic “Financial Analysis of Manchester United FC”. The goal of this bachelor thesis is to and evaluate financial situation, and to consider the IPO market in the sports industry, on example of one of the best and richest club in the world Manchester United. The thesis is divided into two parts. Firstly, the theoretical section introduces and defines basic terms about stock exchange market, IPO, Economics of football. Afterwards the reason for the difficulties of shares of club and technical analyses. Graphics and diagrams are used to visualize and demonstrate changes in main activities of financial statements. The aim of this section is firstly to evaluate strengths and weaknesses of company and if it is reasonable to invest in stocks of football club and football industries.

Key words: financial analysis, technical analysis, profitability, price of shares, income, stock exchange, IPO market, sport industry, history of football, financial statement.

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List of Abbreviations

EUR Euro;

POUND British Pound;

etc. et cetera, and so on;

UK United Kingdom;

USA United States of America;

USD United States Dollar;

MANU stock share of Manchester United INC Incorporated;

EPL English premier league;

IPO Internal Public Offering;

FA Cup of English clubs;

1. Introduction

In modern conditions the financial analysis of the sports organizations is of paramount importance, namely sports organizations with an effective system of analysis and financial management will be able to maximize their market efforts and to offer the market their services and get for the implementation of the highest possible price, allowing recoup all costs, and significantly improve the efficiency of internal and external sports, cultural and recreational projects.

When company needed additional sources of capital they raised funds through using deposits, account balances of individuals and entities, mobilized and provided by credit institutions in the form of loans, notes and bonds.

Recently, another source of raising capital, Initial Public Offering (IPO) emerged and it is becoming extremely popular in the wake of new economic conditions in sports industry. IPO is the source of raising funds not only for the company, but also for the economy of the state, as it is a way of improving the investment climate of the country.

Public offering on the stock exchange is one of the main instruments of financing sport company development. Raising funds through IPO allows company to acquire the required assets to expand, which is difficult otherwise.

IPO has a number of significant advantages over the debt instruments in attracting capital. First, company does not have to return the money it borrowed from investors by offering stocks and company does not have to pay interest on it. Second, during the IPO, the company places its securities in the stock exchange and publicly listed companies are more expensive than their competitors, which decided to remain private. Third by going public, firm's financial data becomes available to the public, and investors will have access to information of high quality. Consequently, it will be easier for the company to attract additional funds in the future with less transaction costs with better conditions. The very first IPO conducted by the Dutch company «Vereenigde Oost-Indische Compagnie» in 1602.

Compared with other markets, business, sports market is still young, first of all IPO was carried out by English football club Tottenham Hotspurs, London, shares of which were placed in the London Stock Exchange in 1983. The second club Millwall, South Bermondsey, London, held an IPO after six years. Late 1990's saw the massive IPO events by European football clubs, including Italian Juventus, Torino, Roma and Lazio, Roma, the German Borussia, Dortmund French Olympique Lyonnais, Lion, Dutch Ajax, Amsterdam, Scottish Celtic, Glasgow etc. There are numerous shortcomings of IPO conducted by football clubs. There is no unified approach to the interpretation of terms that directly affect transactions in the IPO market, the unity of expert opinions on a number of fundamental issues. Therefore, football clubs are considering the stock market just as an additional source of capital and the development of their brands. In first three - four years stocks of all football clubs rose in price, increase their capitalization by three times. However, each club went by his own way.

The history of English football showed, that IPO of football clubs prove effective measure at a certain stage of development. Football is too unpredictable to ensure the continued interest of investors and ensure stable funding for even the most successful clubs. The listing of procedure experienced English clubs such as: “Chelsea F.C., Manchester United, Tottenham Hotspur, Leeds United, Aston Villa, Newcastle United, Sheffield United and Southampton.

It is notable that one of the most recognizable brands in the sports industry Manchester United placed its shares at such later date than first IPO by Tottenham Hotspur. Its first IPO Manchester United conducted in 1991 on the London Stock Exchange (LSE). In 2006, the club was forced to withdraw from the LSE after its new owner was the American Glazer family. In 2012, Manchester United has placed its shares (IPO) on the New York Stock Exchange (NYSE). The reason is that the club has developed its brand in Asia, North America, Africa and Australia. Initial public offering of "Manchester United" was the largest IPO in the sport. The shares of the club have been placed under the ticker MANU. Initial plans were linked to the stock exchange in Hong Kong, and at the end of last year, "Manchester United" was planning to hold an IPO on the Singapore Exchange, but still decided to go to the famous New York Stock Exchange in the development of the brand.

2. Thesis Objectives and Methodology

2.1 Objectives

The main purpose of this work is to explore the financial situation in sport industries on example of Manchester United FC, and to identify the main challenges of its activities and ways to improve it.

First is to explore the theoretical and methodological part of the stock exchange, IPO, financial analysis, theoretical features of technical analysis. Second is to identify club's development in the past and current situation, rational for its future development and determining the extent of its business and financial risks. Third is to explain use of key indicators of company's financial report and statement. To conclude this work I will try to give assessment of the share price and financial performance of the enterprise.

2.2 Methodology

Theoretical part consists of explanations of considerable theoretical aspects received by analyzing of literature and information. Principles of financial statement analysis and technical analysis defined and explained.

In the practical chapter, technical analysis consist of three parts: Bollinger bands, moving averages and stochastic oscillator to chosen to analyze and to assess the financial condition of enterprise. To solve given above prices of shares in financial data such as income statements, balance sheet and cash flow have been used.

Graphs, tables, figures were used to better understanding and visualization of statement of the results of research.

3. Literature review

3.1 Exchange. The emergence of Stock Exchange

As we know, IPO carried out through the stock exchange and what is exchange?

Exchange - is the legal entity responsible for the regular functioning of the organized market of commodities, currencies, securities and financial markets production. Simply put it is a meeting place and sellers. The term "exchange" in Latin means "leather bag". Home Stock Exchange is due to the occurrence of major Italian commercial cities of XIII-XIV centuries. Their appearance has been associated with the transition from subsistence production and exchange in the free market of goods, capital turnover acceleration needs.

Stock Exchange classified into five types:

1. Commodity Exchange;
2. Options Exchange;
3. Currency Exchange;
4. Futures Exchange;
5. Stock Exchange;

3.1.1 Commodity Exchange

The first exchanges were only commodity. Their main purpose was that to create the possibility of term purchase and sale transactions through checkout.

Commodity Exchange - a permanent wholesale market of pure competition. At that according to certain rules of a transaction is the purchase and sale of a qualitatively homogeneous or replacement products. This exchange occurs trade contracts for the purchase or sale of real goods. Such as: nonferrous and precious metals, energy raw materials, textile raw materials, food products, industrial raw materials, etc. The first organized stock exchange appeared in 1531 - Antwerp (the Netherlands), while it was only a commodity, then it was moved to Amsterdam because of the defeat of the Spaniards in 1576 In 1549 - there was a commodity exchange in France - Lyon, Toulouse, in the United Kingdom in 1556 - London, the first commodity exchange in the United States originated in Chicago in 1848.

The main popularity Commodity Exchange came to the 19th century in the US and in the UK. The most popular commodity exchanges: NYMEX (New York Mercantile Exchange) and CME (Chicago New York Mercantile Exchange). However, with the development of technology, communications and transport, the number of commodity exchanges fell, as well as the quantities of goods.

Key Commodity Exchange functions.

1. Install every time the price of the goods.
2. The exchange carried out insurance.

3.1.2 Options Exchange

Options Exchange - is a non-profit company, which was created to centralize and localization options turnover in one place, and even this market, specializing in the quotation of debt financial obligations.

The first stock exchange, which is engaged in trade only options and futures, became the Chicago Board Options Exchange (Chicago Board Options Exchange, CBOE). It was founded in 1973. Opening of the organization marked the beginning of a new history of the stock options have been given so much attention for the first time this security. At the moment, 51% of all US options are realized in this market. Second stock exchange was European Options Exchange (EOE) - one of the first exchanges in Europe, founded in 1978 in Amsterdam to organize trading in futures and options on a regular basis. The exchange option contracts used for liquid shares, stock market index of the Netherlands, government bonds, stocks 100 index of leading European companies (Eurotop 100 Index), an index of leading shares 5 Dutch companies (Dutch Top 5 Index), gold. In 1997, Amsterdam Stock Exchange and European Options Exchange teamed stock index was renamed the AEX index.

The basis of the analysis of options trading mechanism incorporated concepts:

1. Dynamic behavior;
2. The vulnerability of the exchange rate;
3. The difference value of the asset and the option;
4. Tools currency options (tunnels, straddle - straddle, rack, vertical deviation).

3.1.3 Currency exchange

This element of the foreign exchange market infrastructure, which activity is to provide services for the organization and conduct of the auction, during which the participants enter into foreign exchange transactions. Currency Exchange organizes the work of the basic elements of the foreign exchange market infrastructure: the trading system (the counterparty search engine), clearing and settlement systems (transaction execution mechanism).

There are currency exchanges, specializing in emergency currency trading and financial assets - London International Financial Futures Exchange (London International Financial Futures Exchange), European Options Exchange in Amsterdam (European Options Exchange)

Deutsche urgent exchanges in Frankfurt (Deutsche Terminboerse), Singapore Exchange (Singapore International Monetary Exchange), and emergency trade exchange in Sydney (Sydney Futures Exchange).

The main objective of the exchange is not to get high returns, and in the mobilization of temporarily free currency resources, redistribution of market methods from one to the other sectors of the economy, and to establish the actual market rate of national and foreign currency in a fair and legitimate trade.

The foreign exchange market - a system of economic relations, which is the implementation of operations on purchase and sale of foreign currency. Currency exchange - this particular entity and Forex is independent in all respects.

Currently, the foreign exchange market is available absolutely for all traders, through the Forex platform, Alpari, FXPro etc.

3.1.4 Futures Exchange

Futures Exchange- a place where buyers and sellers gather and sell futures. If exchange did not exist, then the physical commodity traders would be forced to independently communicate with each other to find the best prices and conditions of the transaction.

Futures - is an agreement to buy or sell some asset at a certain amount in the fixed date in the future at a price agreed today.

Futures are two sides of the buyer and seller. The buyer undertakes to make a purchase within a specified period in advance. Seller undertakes to make a sale in a specified period in advance. These obligations are determined by the asset name, asset size, and maturity of the futures price agreed today. Last and most important exchange area in the world is stock exchange or bourse.

Futures exchange is the most liquid and efficient market. Efficiency can be measured by the speed and simplicity of the commission of the futures contract. Futures exchanges are available, anyone holding an account at a brokerage firm will be able to know the current prices, to give an order to the deal and get a confirmation on its implementation. This is beneficial for the economy as exempt producers, consumers and traders by finding partners and thus allows them to focus on their core business.

3.1.5 Stock Exchange

Stock Exchange is a financial institution, which provides regular functioning of the securities. Stocks, bonds, government bonds traded in the stock exchange. The world's first stock exchange was inaugurated in 1602 in Amsterdam. This stock exchange for the first time, along with bills and government debt obligations, have been held public subscription for shares, the first stock lots, stock clearing obligations. In those days, whole of Europe was in arrears of Amsterdam.

By the beginning of the 18th century, London became as the center of trade. Today, London is second city in the world on volumes of securities that traded on its exchange. The first is New - York.

The stock exchange allows firms, which list their shares - attracting additional investment by selling shares to obtain permission to placement of shares on the stock exchange the company should be joint stock companies, i.e. fixed capital divided into shares. Before realizing shares on the stock exchange, the company should pass listing.

Listing - a set of securities of including the procedures in the exchange list (the list of securities admitted to trading) to monitor the compliance of the securities exchange established conditions and requirements. Listing often called the exchange list

After all procedures, the company can held the IPO.

Today there are about 200 stock exchanges in the world. However, 10 of them are the most influential:

1. New York Stock Exchange (NYSE) - Headquartered in Manhattan, New York City. Was founded in 1792. Market Capitalization (2011, USD Billions) – 14,242; Trade Value (2011, USD Billions) – 20,161. The largest stock exchange in the world by both market capitalization and trade value. NYSE is the premier-listing venue for the world’s leading large- and medium-sized companies. Operated by NYSE Euronext, the holding company created by the combination of NYSE Group, Inc. and Euronext N.V., NYSE offers a broad and growing array of financial products and services in cash equities, futures, options, exchange-traded products (ETPs), bonds, market data, and commercial technology solutions. Featuring more than 8000 listed issues, it includes 90% of the Dow Jones Industrial Average and 82% of the S&P 500 stock market indexes volume.

2. NASDAQ OMX - Headquartered in Manhattan, New York City. Was founded in 1971. Market Capitalization (2011, USD Billions) - 4,687; Trade Value (2011, USD Billions) – 13,552. Second largest stock exchange in the world by market capitalization and trade value. The exchange is owned by NASDAQ OMX Group, which also owns and operates 24 markets. It is a home to approximately 3,400 listed companies and its main index is the NASDAQ Composite, which has been published since its inception. Stock market is also followed by S&P 500 index.

3. Tokyo Stock Exchange - Headquartered in Tokyo. Was founded in 1878. Market Capitalization (2011, USD Billions) – 3,325; Trade Value (2011, USD Billions) – 3,972. Third largest stock exchange market in the world by aggregate market capitalization of its listed companies. It has 2300 companies, which separated, into the First Section for large companies, the Second Section for mid-sized companies, and the Mothers section for high growth startup companies. The main indices tracking Tokyo Stock Exchange are the Nikkei 225 index of companies selected by the Nihon Keizai Shimbun, the TOPIX index based on the share prices of First Section companies and the J30 index of large industrial companies.

The London Stock Exchange and the Tokyo Stock Exchange are developing jointly traded products and share technology.

4. London Stock Exchange - Headquartered in London. Market Capitalization (2011, USD Billions) – 3,266; Trade Value (2011, USD Billions) – 2,871. Located in London City, it is the oldest and fourth-largest stock exchange in the world. The Exchange was established in 1801 and its current premises are situated in Paternoster Square close to St Paul’s Cathedral. It is the most international of all the world’s stock exchanges, with around 3,000 companies from over 70 countries admitted to trading on its markets. The London Stock Exchange runs several markets

for listing, giving an opportunity for different sized companies to list. For the biggest companies exists the Premium Listed Main Market, while in terms of smaller SME's the Stock.

5. Shanghai Stock Exchange - Headquartered in Shanghai. Was founded in 1990. Market Capitalization (2011, USD Billions) – 2,357; Trade Value (2011, USD Billions) – 3,658. It is the world's fifth largest stock market by market capitalization and one of the two stock exchanges operating independently in the People's Republic of China. Unlike the Hong Kong Stock Exchange, the SSE is not entirely open to foreign investors. The main reason is tight capital account controls by Chinese authorities. The securities listed at the SSE include the three main categories of stocks, bonds, and funds. Bonds traded on SSE include treasury bonds, corporate bonds, and convertible corporate bonds. The largest company in SSE is PetroChina (market value – 3,656.20 billion).

6. Hong Kong Stock Exchange - Headquartered in Hong Kong. Was founded in 1891. Market Capitalization (2011, USD Billions) – 2,258; Trade Value (2011, USD Billions) – 1,447. It is the third largest stock exchange in Asia and the sixth largest in the world in terms of market capitalization. Hong Kong Stock Exchange (SEHK) has about 1,477 listed companies and it operates securities market and a derivatives market in Hong Kong and the clearinghouses for those markets. The three largest stocks by market capitalization in Hong Kong Stock Exchange are PetroChina, Industrial & Commercial Bank of China, and China Mobile.

7. Toronto Stock Exchange - Headquartered in Toronto. Was founded in 1861. Market Capitalization (2011, USD Billions) – 1,912; Trade Value (2011, USD Billions) – 1,542. It is the largest stock exchange in Canada and the third largest in North America. Toronto Stock Exchange is owned by and operated as a subsidiary of the TMX Group for the trading of senior equities. A broad range of businesses from Canada, the United States, Europe, and other countries represented on the exchange. The exchange lists conventional securities, exchange-traded funds, split share corporations, income trusts and investment funds.

8. BM&F Bovespa - Headquartered in Sao Paulo. Was founded in 1890. Market Capitalization (2011, USD Billions) – 1,229; Trade Value (2011, USD Billions) – 931. Founded in 1890, today BM&F Bovespa is the largest stock exchange in South America and 8th largest in the world by market capitalization. It is the most important Brazilian institution to intermediate equity market transactions and the only securities, commodities and futures exchange in Brazil. BM&F Bovespa acts as a driver for the Brazilian capital markets. There are about 381 listed companies at Bovespa and its benchmark indicator is the Indice Bovespa.

9. Australian Securities Exchange - Headquartered in Sydney. Was founded in 1987, Market Capitalization (2011, USD Billions) – 1,198; Trade Value (2011, USD Billions) – 1,197. The Australian Securities Exchange is Australia's primary securities exchange and it was created back in 2006 when the merger of Australian Stock Exchange and the Sydney Futures Exchange took place. Today Australian Securities Exchange is 9th largest stock exchange in the world by market capitalization and has an average daily turnover of 4,685 billion dollar. Products and services available for trading on ASX include shares, futures, exchange traded options, warrants, contracts for difference, exchange-traded funds, real estate investment trusts, listed investment companies and interest rate securities. The major market index is the S&P/ASX 200.

10. Deutsche Börse - Headquartered in Frankfurt. Was founded in 1993. Market Capitalization (2011, USD Billions) – 1,185; Trade Value (2011, USD Billions) – 1,758. Deutsche Börse is one of the world's leading exchange organizations providing investors, financial institutions and companies access to global capital markets. The exchange covers the entire process chain from securities and derivatives trading, clearing, settlement and custody, through to market data and the development and operation of electronic trading system. Deutsche Börse has an approximately 765-listed company with a combined market capitalization of 1,185 trillion USD.

On the background of the major exchanges, I want to emphasize Prague Stock Exchange (PSE, Burza cenných papírů Praha, BCPP) in Czech Republic. Headquartered in Prague. Was founded in 1992. The second largest stock exchange in Central and Eastern Europe after Deutsche Börse. Capitalization (2016, USD billions) - 1,023.

3.2 IPO: The concept of the mechanism, of the company's shares.

IPO (Initial Public Offering) - is an effective mechanism of attraction, based on first entering the market and the primary placement of shares among investors of funding. IPO its roots in the days of the Roman Republic.

IPO - is the public offer to investors to become shareholders of the company. This complex set of organizational, legal and financial procedures, which in addition to the company and potential investors involving many intermediaries.

Targets major IPO participants do not always coincide, each of them in the process of preparing for an IPO faced with the problems and solves the problem, but all they are interested in each other, are interested in the IPO to take place. Therefore, the whole range of IPO issues should be considered from different perspectives: the issuing company, investors, and intermediaries.

3.2.1 Concept

The term initial proposal directly applicable type of securities, like stocks, meaning admission to trading on the stock exchange. The company carrying out the IPO, the first time offers an unlimited range of investors their shares for the first time allowing them to be traded on the stock exchange. The economic literature is given the definition of the IPO - is a way of attracting investment through the sale of securities on the open stock market in anticipation of the growth of liquidity, undertaken by the first The meaning of the concept of "initial public offering" is fully consistent with its name: It is the first public sale of shares and the listing of these shares on the stock exchange. In many countries to refer to the concept of using the term «flotation». Raising

funds, the process of issuing new securities is always difficult, requires a significant amount of time on the part of the company's management and intermediaries, this is necessary in order to get the money at a price that will satisfy both the seller and the buyer.

During the IPO appear three main stakeholders - the seller, the company and investors - each of which pursues its own goals.

3.2.2 Goals and objectives of the IPO

At the IPO, target vendor companies and investors complement each other, but are not identical. The role of the investment bank that manages the transaction or its sponsors is to guarantee respect for the balance of interests of all three parties. One of challenges for management of investment bank - necessity to resolve conflicts constantly arise between clients, issue shares, and clients-investors.

Table 1: Different goals pursued by the participants

Company	Maximize revenues; build a broad and stable ownership base; expand activity profile; Facilitate future fundraising; ensure good liquidity in the secondary market.
Seller	Maximize the revenues; Maximize the value of his remaining assets to be marked as a participant in a successful transaction.
Investor	Maximize the profitability of shares and their price in the short and long term; expand and diversify its portfolio.

The goals of the parties to the transaction:

Company

Objectives of the Company at the time of placement of new securities are numerous and divided into financial and non-financial. The company aims to achieve high scores, which will be supported by the secondary market. Companies engaged in the business in order to increase the value for its shareholders. Nevertheless, what company does not want to, it is that its first shareholders lost their money. Although high initial price is highly desirable, more desirable that this price rise to continue in the secondary market. High initial prices to minimize the loss of existing shareholders, so that both stakeholders can be satisfied.

Reasonable estimates usually supported by major shareholders, intention to keep their shares for a long time. Major shareholders do not want to sell their assets, but they would like to see how others are constantly traded shares of the company. This means that the shares are liquid and the shareholder will be able to sell them as soon as it sees fit.

Seller

The company cannot act as a seller of the shares in the following cases:

- sell shares of the company founders;
- sell shares outside investors;
- presence of venture capital;
- the company's shares are redeemed by borrowing (leveraged buyouts, LBO);
- parent companies sell subsidiaries;
- conducted privatization;

If the seller and the company - is not the same member of the transaction, the first aim of seller is to maximize the value of own stake. This may mean taking a "low" IPO price or delay in the sale of all or part of the shares at a time when the company first entered the market. Many stock holders do not rush to dispose of own assets at the time of IPO. Is therefore important that establishing a solid share price in the secondary market. Venture capital holders believe that they have to go back to the stock market for at least one more time, to get a reasonable return on their investment in the company, conducting IPO.

Investors

Investors desire that the stock price after the initial placement high up as much as possible. This growth is the product of the addition of two factors: traditional price premium, "the day of opening" and prolonged exposure to strong, growing stock market in the shares of the company. IPO provides investors with an ideal opportunity to gain a greater share in the companies, which shares are not so easy to find in the secondary market.

Common interests

Interests of the parties coincide in the achievement of the maximum share price in the secondary market, which derived from the good performance, the appointment of adequate IPO prices and high liquidity of the shares on the secondary market. The liquidity of the secondary market

depends on the number of shares in issue, the number of markets in which the shares are traded, the thoroughness of research and the number of market agents, employees spread of these shares.

3.2.3 Advantages and disadvantages of IPO

Every year, many companies carry out IPO in the world. The benefits of the acquisition of a public company status are numerous. The transformation of the company, whose shares are traded on the open market, makes it easier to attract financing in the present and in the future. The public offering has enormous potential, but the price you want to pay for it, can be very significant.

Positive sides:

1. For the benefit of the company's IPO be used as a tool for raising capital is to obtain substantial cash resources, are not limited by the time of their use. This is very beneficial for the company, which is seeking funds to expand their business when needed long-term investments;
2. The findings of the IPO funds did not have to return to investors for the use of these funds do not have to pay interest;
3. A public offering of shares may represent an alternative to a bank loan. Raise funds through IPO has a significant advantage over the loan funds from banks: the placement of shares to raise capital from investors from all over the market, speaking taking the loan from the bank - only one individual lender, which puts the issuer in relation only to the bank, on its opinion company -lender, which can be biased. Thus, there is a concentration of risk on one creditor, resulting in the company generally cannot receive money.
4. As a result of the IPO, the company acquires a market value.
5. Diversification of funding sources.
6. Public disclosure and circulation of the securities market for the enterprise creates a national marketing company and its channel brands.

As a result, occurrence of the company - the issuer's history in the public financial markets among investors there is a better understanding of the issuer, the specifics of its activities and its risks.

Negative sides:

1. One of the main disadvantages of an IPO is a problem of dilution of capital. As a rule, many companies place only up to 10 - 20% of the shares; control of the business from the major shareholders did not change. With the minority shareholders, who have a number of rights with respect to the joint-stock company, the controlling owners and management companies, linked to the potential growth of conflicts of interest.
2. For the IPO, the company should disclose to the public information about themselves, require significant additional cost

3. Compared with other methods of raising funds in the company, IPO carries higher regulatory costs. Due to the need the regular publication of the company's performance, an additional load is carried on the top - management of the company.

4. IPO needs considerable time. On average period since the adoption by the decision to hold an initial public offering before the start of trading on the stock exchange is about two years;

As we see, IPO is very profitably to companies who needs investment. Access to global platforms the company may realize, if their capitalization is at least \$ 150 million (for NYSE, LSE)

3.2.4 Pricing of the IPO market

Determination of the share price for accommodation - one of the most unexplored issues of corporate finance theory and one of the most controversial, because it is very difficult to determine how much will cost the company at the location, based only on information from accounting.

This process consists of three stages:

- Determination of the price range, the organizers of the banks;
- The establishment of the final price of the offer;
- Determination of the market share price on the secondary market;

To estimate the shares of companies that intend to carry out an IPO, standard evaluation methods;

Forecasts are important enough when leaving the company at the IPO, for companies, which have high growth rates;

The comparative method also has own disadvantages, as there is no sufficient number of comparable traded counterparts. The cost approach, the scope of which is already narrow, when evaluating is not used, at least because it places the company has significant growth prospects, which do not find any reflection in this approach, which is based primarily on historical data.

3.2.5 Choosing Exchange

The globalization of capital markets, which began in the 80's of the last century, has led to an increase in the number of international IPO. One of the key decisions for the company, bank or other legal entity in preparation for the IPO process is the choice of the stock exchange, which will be held placement of its shares. Exchange differ according to the standards and regulatory standards for the requirements for issuers, technical parameters, and the reporting system. Choosing Exchange plays an important role in the placement, the issuer is to choose the exchange, which will meet their targets, but will also boost their attractiveness for investors.

Having defined the Stock Exchange for the IPO, the company - should take into account various factors, among which are:

1. The costs that will have to incur to comply with the regulatory - legal requirements when placed at the site;
2. Corporate governance requirements;
3. Liquidity of a market;
4. Place the key investors;
5. The cost of capital;
6. The geographical position of the stock exchange;
7. The dimensions of the company;
8. Dates that would be required for placement;

3.3 Financial Analysis

Refers to an assessment of the viability, stability and profitability of a business, sub-business or project. Professionals who prepare reports using ratios that make use of information taken from financial statements, and other reports perform it. These reports are usually presented to top management as one of their bases in making business decisions.

Based on these reports, management may:

- Continue or discontinue its main operation or part of its business.
- Make or purchase certain materials in the manufacture of its product.
- Acquire or rent/lease certain machineries and equipment in the production of its goods.
- Issue stocks or negotiate for a bank loan to increase its working capital.
- Decisions regarding investing or lending capital.
- Other decisions that allow management to make an informed selection on various alternatives in the conduct of its business.

Financial analysts often assess the following elements of a firm:

1. Profitability – it is ability to earn income and sustain growth in both the short- and long-term. A company's degree of profitability is usually based on the income statement, which reports on the company's results of operations.
2. Solvency - it is ability to pay its obligation to creditors and other third parties in the long-term.
3. Liquidity - it is ability to maintain positive cash flow, while satisfying immediate obligations; Both 2 and 3 are based on the company's balance sheet, which indicates the financial condition of a business as of a given point in time.
4. Stability - the firm's ability to remain in business in the long run, without having to sustain significant losses in the conduct of its business. Assessing a company's stability requires the use of both the income statement and the balance sheet, as well as other financial and non-financial indicators.

3.3.1 Football: History of football, origin of Football clubs

History does not know the year of birth or place of football. One of the first mentions of the game of kicking the ball belongs to 2000 years BC, it was in ancient China. In ancient Egypt, like a football game it was known in the 1900s. BC as in ancient Greece, the ball game was popular in various forms in the IV BC.

Football - one of the oldest sports games, the origin of which belongs to the distant past. French football historians: the direct ancestor of modern football can be called "La Soul" - a game in which two teams chasing a leather ball filled with rags.

In the XII century in the cities of England, people played football in the market places, and even in the narrow streets of the curves. The number of play reached a hundred or more people. In the 19th century in England, football became too popular. Rules of the game were established. In 1872 is regarded as year when first of international football match was played, between England and Scotland. Since 1884, the British Islands have begun the first official international tournament involving England players, Scotland, Wales and Ireland (Four Nations Cup). Since the popularity of the game in the British Islands began to emerge football clubs.

3.3.2. Sport Organization and Football Industry

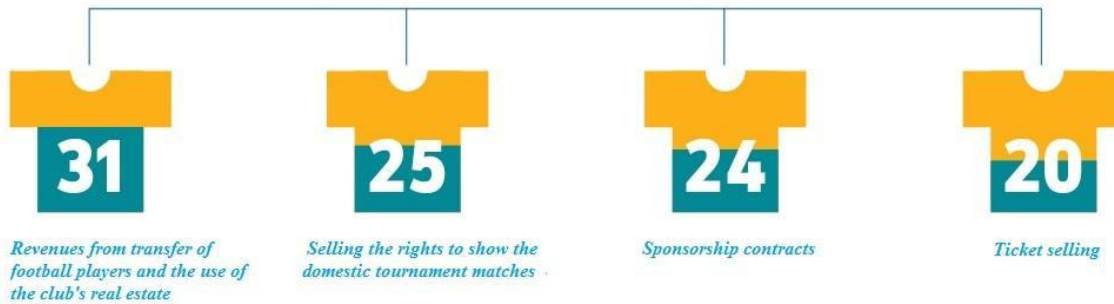
Sports Organization - is an organization, which works in the field of sports, the purpose of which is to prepare athletes, sports events, education or other activity related to sports. Since my topic is associated with one sport – football, I am introducing you about the football industry of club, IPO, and analyze of their environment.

Football Club - is sport organization, participating in football competitions. In addition to the actual athletes - football players, the club includes the coach, assistants, club managers, doctors and other staff, it depends how biggest club are. Some clubs can have just football players, coaches, stadium, and jersey with balls. Huge clubs have: stadium, training complex, jerseys, main team players, young team players, school academy, coaches for individual group for example(Keepers, defenders, strikers, personal coaches), doctors, cook, canteen and etc. It depends what is a budget of club.

Sports clubs can be created by legal entities and individuals. Sports clubs carry out their activities at the expense of own funds or sponsors, funds for the maintenance of football clubs are usually composed of two sources - the budget of the region (ex. in countries which Germany, Spain, Russia, in some regions of the Czech Republic), and the money of private investors, the owner (France, England, Italy, etc.)

Figure 1: Structure of revenues of TOP football clubs in 2012

Structure of revenues of football clubs in 2012

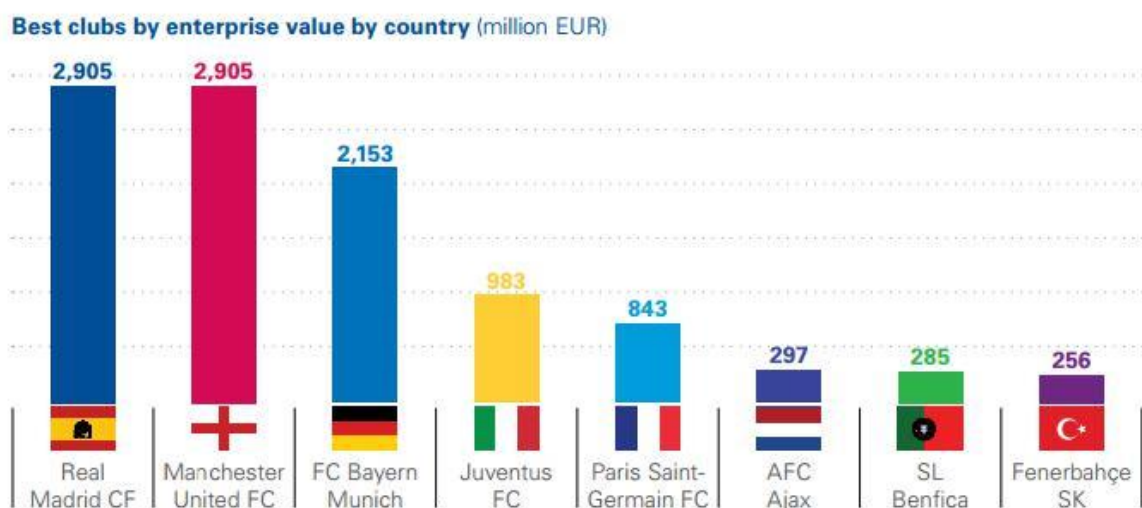


Source: (uefa.com, 2012)

3.3.3 Long Way Down

Currently, 23 major football clubs from 11 countries are participating in stock exchanges by listing their shares. Keep track of their overall dynamics can be special indicator - STOXX Europe Football Index, which was coined in 2002. Today it is 44.5% lower than at the time of launch. It looks depressingly quotes of four clubs that made up the core of the index 12 years ago. Since then, Juventus shares fell (to the end of June 2014) with a 3.52 EUR to 23 EUR cents, Lazio - from 174 EUR to 53 EUR cents, Borussia - from 5.2 to 4.6 EUR, Roma - from 3 to 1 EUR. Not a very profitable investment.

Figure 2: Best clubs by enterprise value by country in 2014

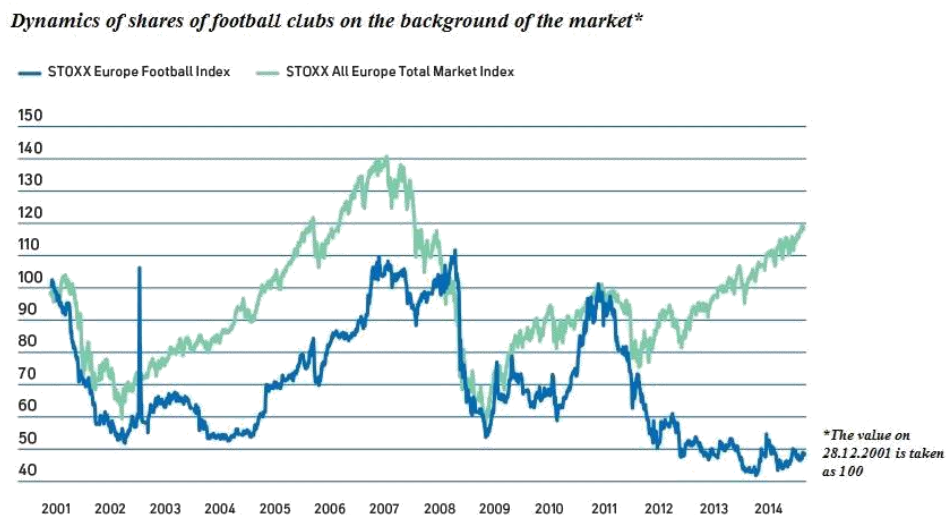


Source: (KPMG Analysis and research, 2014)

Subsidence of share price compared with the IPO price is typical for the majority of football clubs. The unpredictability of sporting success, which affect the financial results, dependence on the will of the major shareholders, as well as the low liquidity of the securities and their high volatility - all this makes the football action very specific investment for the average investor. However, one club has a best example. The Borussia Dortmund, the vice-champion of Germany, held an IPO in October 2000 at the price of 11 euros per share.

In 2009, the paper cost less than 1 euro and is now trading at 4.5 euros. In the season 2012/13, "black-yellow" earned a record 53.3 million euros in net profit, although in 2005 were on the verge of bankruptcy. Borussia management increasingly developing as a diversified business besides Borussia - one of the few who pays dividends. Liquidity of the stock is growing, as well as their price (from the beginning of the year it has added 24.5%).

Figure 3: Dynamics of shares of football clubs on the background of the market



Source: (stox.com, 2016)

A whole offering is hardly to say an effective tool for raising finance for football clubs. An exception perhaps can become a big club. For example: Manchester United.

In the history of football clubs Manchester United has become the most profitable case with best access to the IPO.

3.3.4 Manchester United

Manchester United football club was founded in 1878 in Manchester, England. Manchester United is the best team in England in the number of titles. Before 1958, the club was not so popular until the Munich tragedy, when the airplane crashed with players near Munich. In 1968, Manchester United became the first English team, which won the Champions League. At that time, Manchester United has become popular because of such players as George Best, Bobby Charlton, and Denise Law with their coach sir Matt Busby. The players fell in love with the fans of this club and began taking the club to new heights.

In 1986, Man United announced a new coach. His name was Alex Ferguson. He came during the one of hardest times for club. Ferguson raised a large number of football stars: Beckham, Ronaldo, Cantona, Veron, and Scholes, etc. and instilled in the club own style and bring trophies. Thanks to more fans (approximately 650 million people are fans of Man United in the world) club became be a popular. The club began to receive profitable contracts with Pepsi, Vodafone, Sharp, Adidas, AIG, Nike, Chevrolet, Hublot, Audi, and Aeroflot.

Manchester United conducted the listing of procedure in 2005, after the control packet of club was acquired by American businessman Malcolm Glazer and his family by USD 1.3 billion.

Moreover, buying club Glazers have not paid for his own money, and hung on the amount of newly acquired club as debt. Currently, the family owns 93% of the club's shares.

In the mid-2000s, Manchester United was named the most expensive football club in the world and had been until 2015. The cost of the football club at the moment is USD 3.32 billion. The team earns money from TV translations of matches, sales of the brand, the sale of tickets for the matches. Every year club provides a tour in Asia and Australia. Africa and North America to promote their brand. Manchester United first football club, who began working with Hollywood studios. Contracts with title sponsor is the most expensive German company Adidas has signed a contract with Manchester United for the sum of POUND 750 million, with Chevrolet for the sum of POUND 191 million. In 2012, the club held an initial public offering on the New York Stock Exchange (NYSE), which offered 16,700,000 shares During the IPO; the company raised USD 233.3 million. This offering is the largest sports IPO to date.

The company operates through its three pronged revenue model: Broadcasting, and Match day. Commercial revenues include sponsorship, retail, merchandising, apparel and product licensing. Broadcasting is the revenue brought in by selling media rights of the football competitions the team partakes in. The revenue streams from Match day incorporate any game day activities carried out for Manchester United game days at Old Trafford stadium.

4. Analytical part

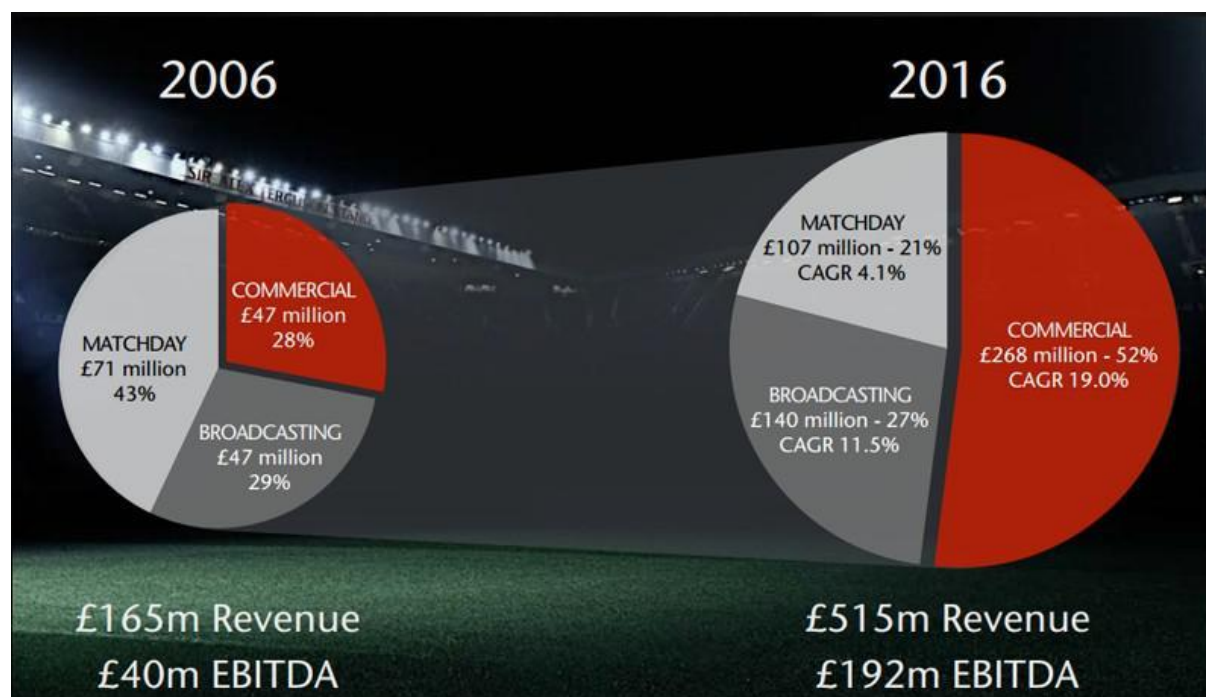
4.1 Business strategy

An important component of success - competent approach to segmentation and geographic distribution partners. For example, the insurance company AON cooperates with Manchester United since 2009. AON began with a sponsorship logo on the jersey, and then bought the name of the club's base and advertising at the training jersey. For 11 years of partnership with insurance company, Manchester United earns POUND 220 million. Manchester United cooperates not only with big companies for a lot of money. In addition to global sponsors of the club has many local ones. During the season-2015/16 it was announced that 14 new partnership transactions of all calibers. Manchester United is the first of the European giants, who went to the huge market in Southeast Asia. Manchester United staked their place as one of the most popular teams in the region and has received a list of local sponsors. "Honda" - the official motorcycle partner of club in Thailand. CHI - the official soft drink Manchester United in Nigeria, YOU-C1000 - official isotonic in Indonesia. Cho-A Pharm - the official partner of the pharmaceutical Manchester United in Thailand, Cambodia, Vietnam, Laos, Myanmar and South Korea. As a result, POUND 154.8 million sponsorship revenue for the year.

Manchester United segments in the banking sector. AFB - official banking partner of the club in Kenya, Ghana, Zambia, Zimbabwe, Uganda and Tanzania. There are also financial partners in Malta, Vietnam, Qatar, Indonesia, Turkey, UAE, Serbia, Mexico, Thailand, Singapore, Malaysia, the Philippines, Japan and Norway. Many media and communication partners of the club around the world.

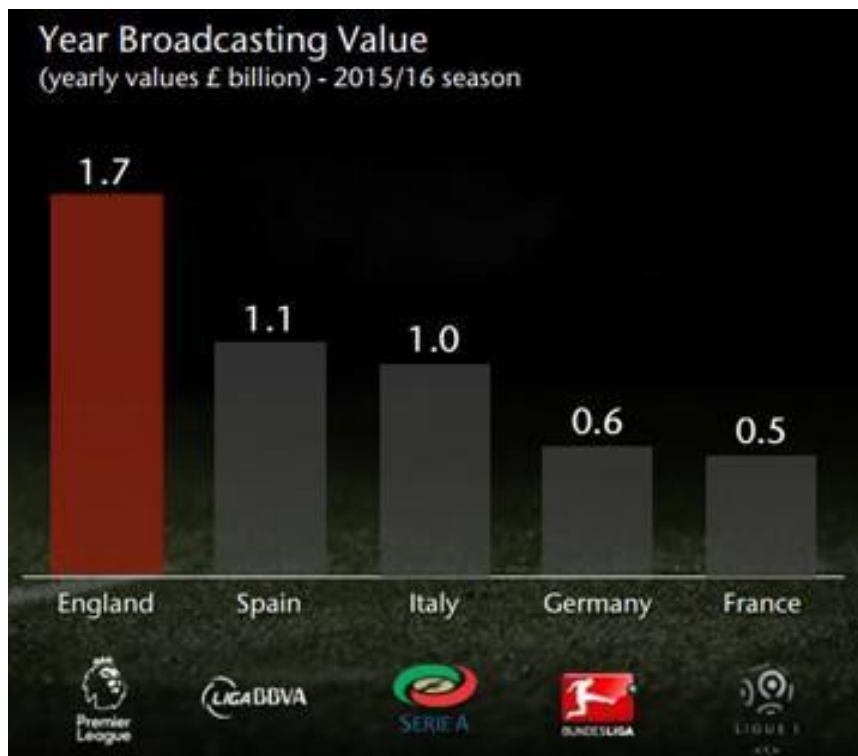
On the global market, one partner in each sector signs Manchester United. Now the club involved financial management sphere, automotive, airline, wine, tires, logistics, clothing, video games, office equipment, shoes, bookmaking, hats, watches, industrial equipment, and even a movie.

Figure 4: The comparative profit performance of the club in 2006 and 2016.



Source: (manutd.com, 2016)

Figure 6: Year Broadcasting Value



Source: (manutd.com, 2016)

4.2 IPO in 2012

In August, Manchester United went to the stock exchange. It had been decided in 2010 enter the IPO for attraction of investments at the same time to repay the club's debt, originally planned to hold placement of shares of the club in 2011, either in Hong Kong or Singapore. It was assumed that the IPO would attract about a billion dollars. However, Glazer's changed their opinion because at that club played in final of Champions League. After final where club was beaten, club has destroyed its plans for an Asian stock market flotation and was preparing to list in the United States, according to sources with knowledge of the deal. What was reason nobody knows. Glazer's thought it could be good idea if club will issue shares in NYSE. First it is advertisement for American market and United will first club who sold own shares abroad from Europe. In addition, the "Manchester United" changed the composition of banks, taking application for shares: assigned to the earlier Credit Suisse, JPMorgan Chase and Morgan Stanley joined Jefferies Group.

Nevertheless, Glazer's plan did not come true. Instead of the declared USD 16-20 per share they managed to earn 14, as a result of club attracted only USD 233 millions. In total 16.7 million shares were put on a stock exchange, at the same time the shares were issued two types - voting and non-voting. The second category of securities was offered to investors because the Glazers have reserved all rights to make decisions.

4.3 Shares price of the club

The share price of football club depends on titles, partnerships.

Table 2. Statistics price per share of the club

Year	2012	2013	2014	2015	2016
The lowest price in USD	12.18	14.09	14.47	15.15	13.33
The highest price in USD	14.20	19.04	19.58	18.99	17.73

(Source: own data and research)

As we in the history of selling shares of the club from 2012 to (October) 2016, the highest price was in 2014 at the beginning of the 3rd quarter of the stock was selling by USD 19.58.

The price has risen due to the assignment at the time of Coach Louis van Gaal, who achieved high results with the Dutch national team in 2014. In addition, Manchester United carried advantageous transfer deal to buy star football players, plus sponsorship contracts with companies. The lowest price was in 2012 at the end of the 3rd quarter of the stock was selling by USD 12.18. At that time results of game was not success. Club was in the middle of standings in English Premier League. At this time club sell own, share by USD 14.95.

In 2012 the price started by USD 14, but company thought they could get USD 16. The reason of low price was that Manchester United did not win the English premier league, and did not get through round of 16 in Champions League. In graph you can see Technical Analysis of club (Moving Average, Momentum) highest and lowest prices, volume.

Figure 7: Graph of price for 2012 lowest price.



Source: (manutd.com, 2012)

In 2012 at the end of the 3rd quarter, the lowest price of the stock was selling by USD 12.18 (volume 243.806) at that time Manchester United was not under top-4 in English Premier League.

Figure 8: Graph of price for 2012 highest price



Source: (manutd.com, 2012)

In the middle of August, the price was risen by USD 14.20(volume 204,798) at that time Manchester United announced to sign a football star Robin van Persie from Arsenal F.C, London.

Figure 9: Graph of price for 2013 lowest price.



Source: (manutd.com, 2013)

In 2013 the price started by USD 14.36, then it got the lowest price. Price fell down to USD 14.03(volume 65,206) at the beginning of 1st quarter of 2013. At that time, Manchester United did not win 2 matches and also did not qualify to next round of English cup.

Figure 10: Graph of price for 2013 highest price



Source: (manutd.com, 2013)

Figure 11: Graph of price for 2014 lowest price



Source: (manutd.com, 2014)

In 2014, the lowest price was USD 14.47 (volume 82,557) at the beginning of 2nd quarter of 2014. At that time, Manchester United was in the middle of EPL, and lost in round of 16 in Champions League to Greece Olympiacos 2-0. All European was surprised to this final score of first game, because Manchester was a favorite bet.

Figure 12: Graph of price for 2014 highest price



Source: (manutd.com, 2014)

As I mentioned before the highest price of club share was USD 19.58 (volume 23.066), and still it is the highest price of share of club histories. In 2014 at the beginning of the 3rd quarter, the price has risen due to the assignment at the time of coach Louis van Gaal, who achieved high results with the Dutch national team in 2014. In addition, Manchester United carried advantageous transfer deal to buy star football players, plus sponsorship contracts with companies.

Figure 13: Graph of price for 2015 lowest price



Source: (manutd.com, 2015)

In 2015, the lowest price was USD 15.15 (volume 47,613) at the beginning of 2nd quarter of 2015. Which is the best lowest price ever for club. I can confidently say in the first year of board by Louis van Gaal, was really success for club.

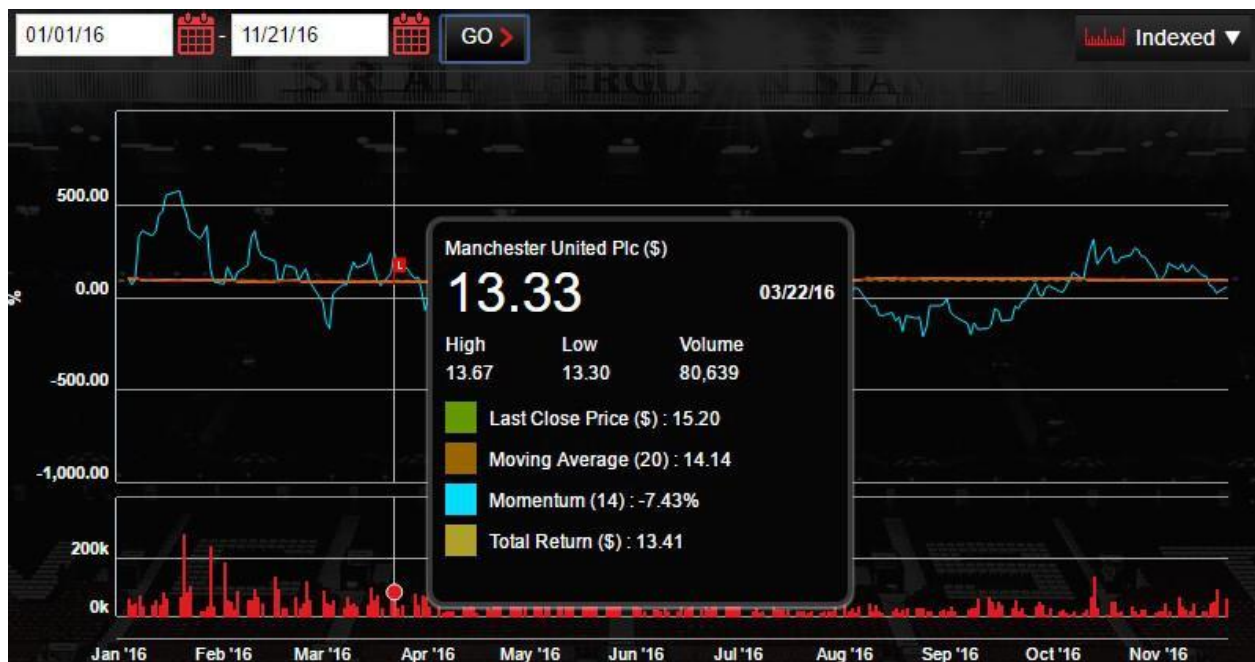
Figure 14: Graph of price for 2015 highest price



Source: (manutd.com, 2015)

The highest price was by USD 18.99 (volume 127.037) at the middle of 4th quarter of year. At that time, Manchester United was in TOP-4 in EPL. In addition, United was a leader of his group in Champions League.

Figure 15: Graph of price for 2016 (until November) lowest price



Source: (manutd.com, 2016)

In 2015 the lowest price was USD 13.33 (volume 80,639) in the middle of 2nd quarter of 2016. At that time Manchester didn't qualify round of ¼ of Europe League, also club was under TOP-4 in EPL.

Figure 16: Graph of price for 2016 (until November) highest price



Source: (manutd.com, 2016)

The highest price was by USD 17.73 (volume 282,504) at the end of 2nd quarter of year. At that time, Manchester United won English Cup. After few days club announced that coach Louis van Gaal was fired, and new coach of club will be Jose Mourinho.

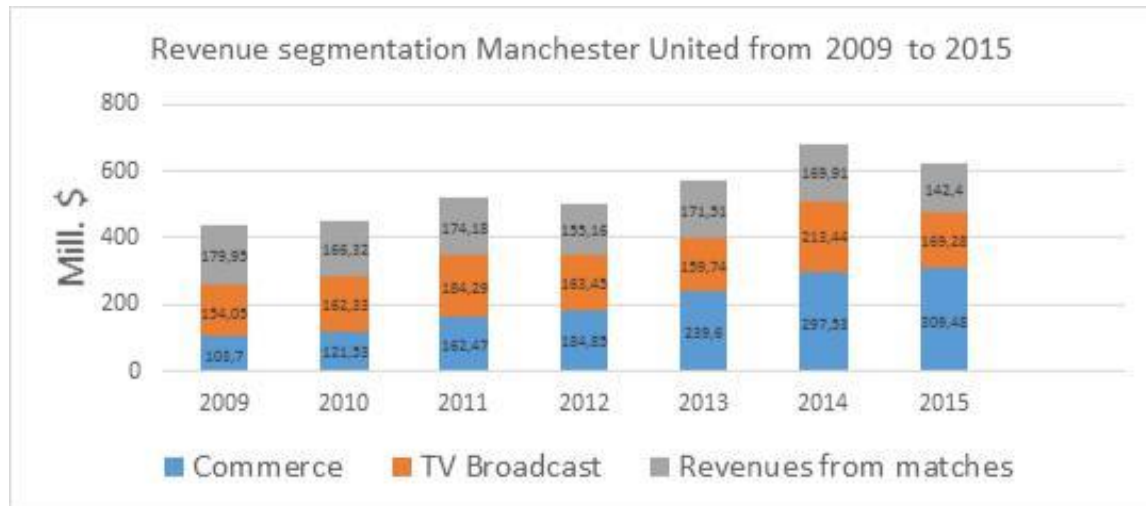
4.4 Financial report of 2015

After retiring from his post as coach Sir Alex Ferguson of Manchester United in 2013, together with him left an experienced CEO of club David Gill.

Since then, club changed four coaches (David Moyes, Ryan Giggs, Louis van Gaal, Jose Mourinho) Manchester United failed three consecutive seasons. Museum of club replenished with three small trophies (two Super Cup and one FA Cup) in the Champions League, Manchester United played only once and did not come out from the group, and in the English premier league did not rise above fourth place. However, the financial statements have not noticed sporting failures. According to preliminary results of the financial year, published by the club, Manchester United became the first in the history of the English team, which income exceeds POUND 500 million. Resigned as director David Gill became a brilliant banker and financier Ed Woodward - who was in the business plan successful precursor. Woodward met with club in 2005, when he was an adviser Glazer family in a deal for the purchase of Manchester United. At Woodward first independent seasons turned out to be unsuccessful in sporting terms. The team failed season after season, but in the financial aspects, the club had no equal in England. In 2005, sales revenue of Manchester United stood at POUND 43 million, representing 27% of total revenues -. POUND 166,4 million. After 11 years of sponsorship

contracts have become more profitable than television and ticket together in the figures is in excess of POUND 250 million.

Table 3: Revenue segmentation of Man United from 2009 to 2015



Source: (statista.com, 2015)

Commercial

Latest annual financial report Manchester United - a model accounting document. Revenues club grew by 30%, the amount of earnings before interest expense, taxes and amortization increased by 60% and operating income - on an incredible 116%. Commercial revenue increased by 36% - up to POUND 268 million. This jump is largely secured a record of signing the contract with Adidas (POUND 750 million over 10 years).

Figure 17: Contract with Adidas for 10 years

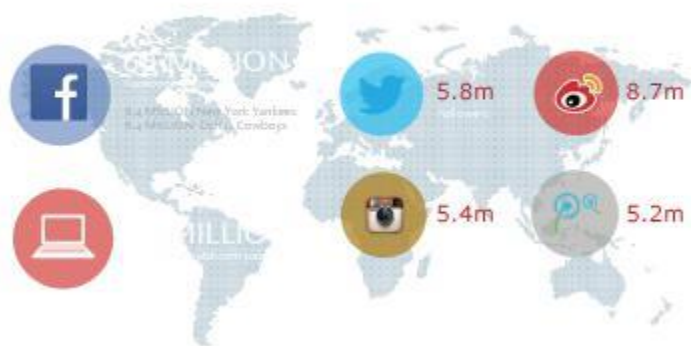


As of September 2016*

Source: (manutd.com, 2016)

In addition, United realized the most expensive transfer in football of Paul Pogba for a record EUR 105 million, which is paid off transfer's jersey for the week. What is success of club? Manchester United as no one knows how to get to talk about himself. Dealers competently presented an impressive audience coverage (66 million to Facebook, over 5.8 million in twitter, over 5.4 million Instagram).

Figure 18: Followers on social networks.



Source: (manutd.com, 2016)

Table 4: Financial report 2015

EUR million (except adjusted diluted earnings per share)	Twelve months ended			Three months ended		
	30 June			30 June		
	2015	2014	Change	2015	2014	Change
Commercial revenue	231,43	222,5	4.0%	54,162	52,274	3.6%
Broadcasting revenue	126,59	159,62	(20.7%)	48,144	40,12	20.0%
Matchday revenue	106,49	108.1	(16.2%)	22,538	21,24	6.1%
Total revenue	464,51	127,06	(8.8%)	124,844	113,634	9.9%
Adjusted EBITDA*	140,93	130.1	(7.8%)	37,524	19,942	88.2%
(Loss)/profit for the period (i.e. net income)	2,16	33,0046	-	8,496	6,844	(24.1%)
Adjusted profit (loss) for the period (i.e. adjusted net income)*	3,658	39,8014	(89.2%)	0,118	7,434	-
Adjusted diluted earnings/(loss) per share (cent)*	2,26	24,2844	(89.0%)	0,8024	4,543	-
Gross debt**	484,98	474,065	20.2%	411.0	403,324	20.2%
Cash and cash equivalents	183,844	92,099	134.6%	183,844	78,352	134.6%
Net debt	301,136	381,966	(7.3%)	301,136	324,972	(7.3%)

Source: (businesswire.com, 2015)

* Adjusted EBITDA, adjusted (loss)/profit for the period and adjusted diluted earnings/(loss) per share are non-IFRS measures.

** A key contributor to the increase in gross debt was the strengthening US dollar; with the USD/EUR exchange rate moving from 1,61 at 30 June 2014 to 1,48 at 30 June 2015.

Broadcasting

Revenue for the year was EUR 126 million, a decrease of EUR 32.86 million, or 20.7%, over the prior year, primarily due to non-participation in UEFA competitions, partially offset by increases in merit and facility payments due to a higher FAPL finish and more games broadcast live.

Match day

Revenue for the year was EUR 106 million, a decrease of EUR 20.4 million, or 16.2%, over the prior year, primarily due to non-participation in UEFA competitions.

Tax

The tax credit for the year was EUR3.2 million, compared to an expense of £16.7 million in the prior year. Cash flows Net cash generated from operating activities for the year was £143.9 million, an increase of £71.1 million over the prior year primarily related to timing variances on sponsorship receipts.

Operating expenses

Total operating expenses for the year were EUR453.3 million, an increase of EUR17.8 million, or 4.1%, over the prior year.

Staff costs

Staff costs for the year were EUR 237 million, a decrease of EUR 138 million, or 5.5%, over the prior year.

By balance sheet we can understand, that each category on table grows up. The main reason is good contracts with sponsorship.

Table 5: Balance Sheet

Period Ending:	2016 30/06	2016 31/03	2015 31/12	2015 30/09
Total Current Assets	366.67	205.29	206.89	250.81
Cash and Short Term Investments	229.19	104.2	121.61	143.53
Cash	-	-	-	-
Cash & Equivalents	229.19	104.2	121.61	143.53
Short Term Investments	-	-	-	-
Total Receivables, Net	128.66	95.24	81.81	105.02
Accounts Receivables - Trade, Net	128.66	95.24	81.81	104.92
Total Inventory	0.93	1.29	1.5	1.36
Prepaid Expenses	-	-	-	-
Other Current Assets, Total	7.89	4.55	1.97	0.9
Total Assets	1451.9	1264.52	1277.02	1344.97
Property/Plant/Equipment, Total - Net	259.16	260.68	261.82	262.98
Property/Plant/Equipment, Total - Gross	369.03	371.68	370.29	370.52
Accumulated Depreciation, Total	-109.87	-111	-108.48	-107.54
Goodwill, Net	421.45	421.45	421.45	421.45
Intangibles, Net	244.18	230.23	241.89	261.24
Long Term Investments	-	-	-	-
Note Receivable - Long Term	11.22	10.54	10.38	10.33
Other Long Term Assets, Total	149.22	136.33	134.59	138.16
Other Assets, Total	-	-	-	-
Total Current Liabilities	403.74	279.81	302.79	386.65
Accounts Payable	-	-	-	-
Payable/Accrued	199.67	163.01	164.77	191.28
Accrued Expenses	-	-	-	-
Notes Payable/Short Term Debt	-	-	-	-
Current Port. of LT Debt/Capital Leases	5.56	2.36	6.06	3.19
Other Current liabilities, Total	198.51	114.44	131.97	192.18
Total Liabilities	993.62	786.16	793.5	371.57
Total Long Term Debt	484.53	450.55	437.66	426.53
Long Term Debt	484.53	450.55	437.66	426.53
Capital Lease Obligations	-	-	-	-
Total Debt	490.09	452.91	443.71	429.72
Deferred Income Tax	14.36	12.74	14.07	15.28
Minority Interest	-	-	-	-
Other Liabilities, Total	90.99	43.05	38.98	43.1
Total Equity	458.28	478.36	483.52	473.41
Redeemable Preferred Stock, Total	-	-	-	-
Preferred Stock - Non Redeemable, Net	-	-	-	-
Common Stock, Total	0.05	0.05	0.05	0.05
Additional Paid-In Capital	68.82	68.82	68.82	68.82
Retained Earnings (Accumulated Deficit)	422.4	427.81	423.86	409.65
Treasury Stock - Common	-	-	-	-
ESOP Debt Guarantee	-	-	-	-
Unrealized Gain (Loss)	-	-	-	-
Other Equity, Total	-32.99	-18.32	-9.22	-5.12
Total Liabilities & Shareholders' Equity	1451.9	1264.52	1277.02	1344.97
Total Common Shares Outstanding	164.03	163.89	163.89	163.88
Total Preferred Shares Outstanding	-	-	-	-

Source: (marketwatch.com, 2016)

Table 6: Income statement

Period Ending:	2016 30/06	2015 30/06	2014 30/06	2013 30/06
Total Revenue	515.35	395.18	433.16	363.19
Revenue	515.35	395.18	433.16	363.19
Other Revenue, Total	-	-	-	-
Cost of Revenue, Total	-	-	-	-
Gross Profit	-	-	-	-
Total Operating Expenses	446.5	363.53	365.25	301.18
Selling/General/Admin. Expenses, Total	334.94	275.26	298.97	180.52
Research & Development	-	-	-	-
Depreciation / Amortization	98.09	110.01	63.95	49.48
Interest Expense (Income) - Net Operating	-11.57	-0.43	4.1	-
Unusual Expense (Income)	25.05	-21.31	-1.78	-2.95
Other Operating Expenses, Total	-	-	-	74.12
Operating Income	68.85	31.65	67.92	62.01
Interest Income (Expense), Net Non-Operating	-20.02	-33.77	-27.41	-70.81
Gain (Loss) on Sale of Assets	-	-	-	-
Other, Net	-	-1.44	-	-
Net Income Before Taxes	48.83	-3.57	40.5	-8.79
Provision for Income Taxes	12.46	-2.67	16.67	-155.21
Net Income After Taxes	36.37	-0.9	23.84	146.42
Minority Interest	-	-	-	-0.17
Equity In Affiliates	-	-	-	-
U.S GAAP Adjustment	-	-	-	-
Net Income Before Extraordinary Items	36.37	-0.9	23.84	146.25
Total Extraordinary Items	-	-	-	-
Net Income	36.37	-0.9	23.84	146.25
Total Adjustments to Net Income	-	-	-	-
Income Available to Common Excluding Extraordinary Items	36.37	-0.9	23.84	146.25
Dilution Adjustment	-	-	-	-
Diluted Net Income	36.37	-0.9	23.84	146.25
Diluted Weighted Average Shares	164.32	163.79	163.89	162.9
Diluted EPS Excluding Extraordinary Items	0.22	-0.01	0.15	0.9
DPS - Common Stock Primary Issue	0.12	-	-	-
Diluted Normalized EPS	0.33	-0.09	0.14	0.89

Source: (marketwatch.com, 2016)

Income statement of club during 2013 – 2016 shows that Total Revenue grew up by 42%. Total Operating Expenses during 3 years grew up by 55%. Manchester United had in its balance over minus USD 700 millions, right now club has minus USD 445 millions, which is really good. Net income goes to low, because results of club in European cups was unsuccessful. Depreciation grew up by twice.

4.5 SWOT analysis of Manchester United

In order to a clear, understand to invest to Manchester United. In addition, its situation on the market makes a SWOT-analysis. The SWOT Analysis is analytical tool commonly used in the business community. It defines strengths and weaknesses of the enterprise, as well as the opportunities and threats from its immediate environment.

Table 7: SWOT analysis

<p>Strengths:</p> <ol style="list-style-type: none"> 1. Strong global brand name and one of the most valuable clubs; 2. Excellent marketing, global brand presence and high quality merchandising; 3. Most successful English football club with strong brand loyalty; 4. One of the richest sports teams across the globe; 5. Tie up with sponsors like Adidas, AON, Chevrolet, EPSON, DHL and etc; 6. Old Trafford stadium has a capacity of over 75,500; 	<p>Weaknesses:</p> <ol style="list-style-type: none"> 1. Financial problems at the club; 2. Saturated English football market;
<p>Opportunities:</p> <ol style="list-style-type: none"> 1. Tapping global fan bases like India, Saudi Arabia, China, USA; 2. More advertising and brand visibility would help build on brand equity; 	<p>Threats:</p> <ol style="list-style-type: none"> 1. Other top clubs buying out good players 2. Internal problems between players and Management; 3. Financial debts incurred due to expensive; player transfers; 4. Doesn't participate often to Champions League.

Source: (mbaskool.com, 2016)

By SWOT analysis of Manchester United, we can understand that investment for this club is good bargain for investors. Because left side of SWOT analysis shows more reasons to invest.

4.6 Technical Analysis

Technical analysis divides by main three categories:

1. Bollinger Bands are volatility bands placed above and below a moving average. Volatility is based on the standard deviation, which changes as volatility increases and decreases. The bands automatically widen when volatility increases and narrow when volatility decreases. This dynamic nature of Bollinger Bands also means they can be used on different securities with the standard settings. For signals, Bollinger Bands can be used to identify M-Tops and W-Bottoms or to determine the strength of the trend.

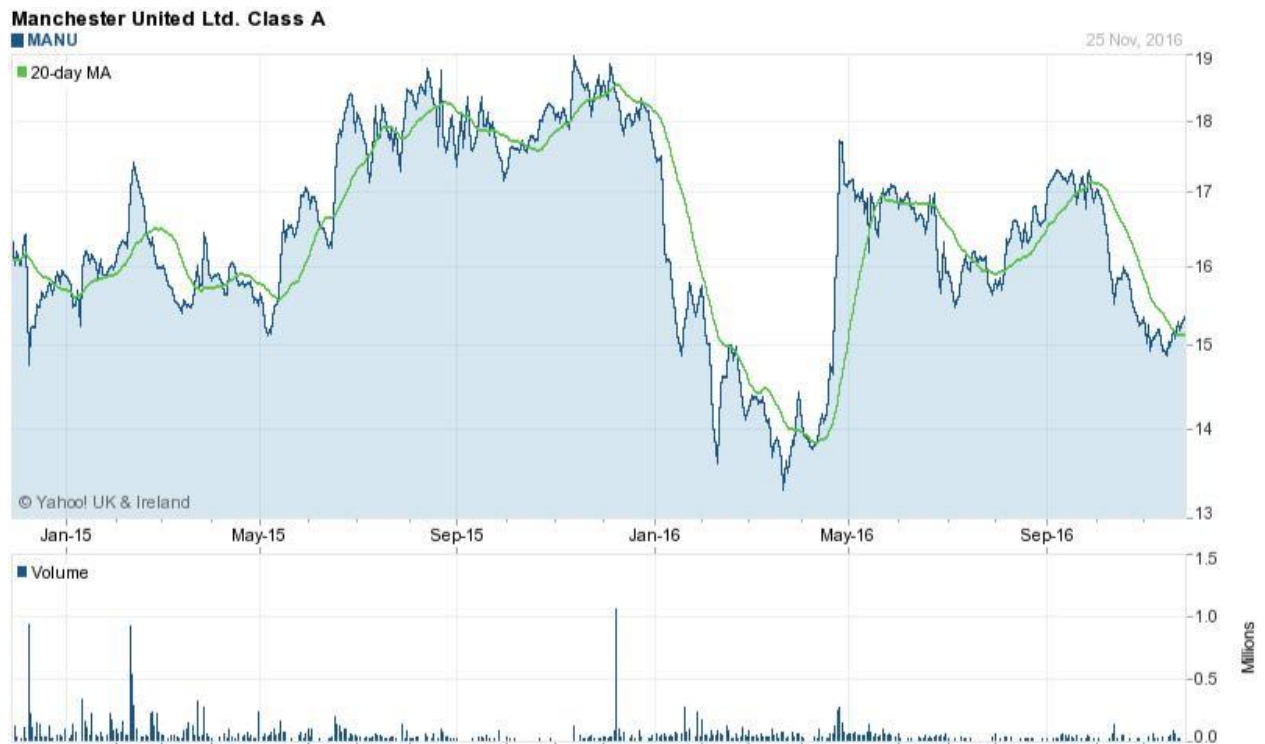
Figure 18: Bollinger Bands of MANU stock



Source: (*finance.yahoo.com, 2016*)

2. Moving averages - smooth the price data to form a trend following indicator. They do not predict price direction, but rather define the current direction with a lag. Moving averages lag because they are based on past prices. Despite this lag, moving averages help smooth price action and filter out the noise. They also form the building blocks for many other technical indicators and overlays, such as Bollinger Bands, MACD and the McClellan Oscillator. The two most popular types of moving averages are the Simple Moving Average (SMA) and the Exponential Moving Average (EMA). These moving averages can be used to identify the direction of the trend or define potential support and resistance levels.

Figure 19: Moving average of MANU stock.

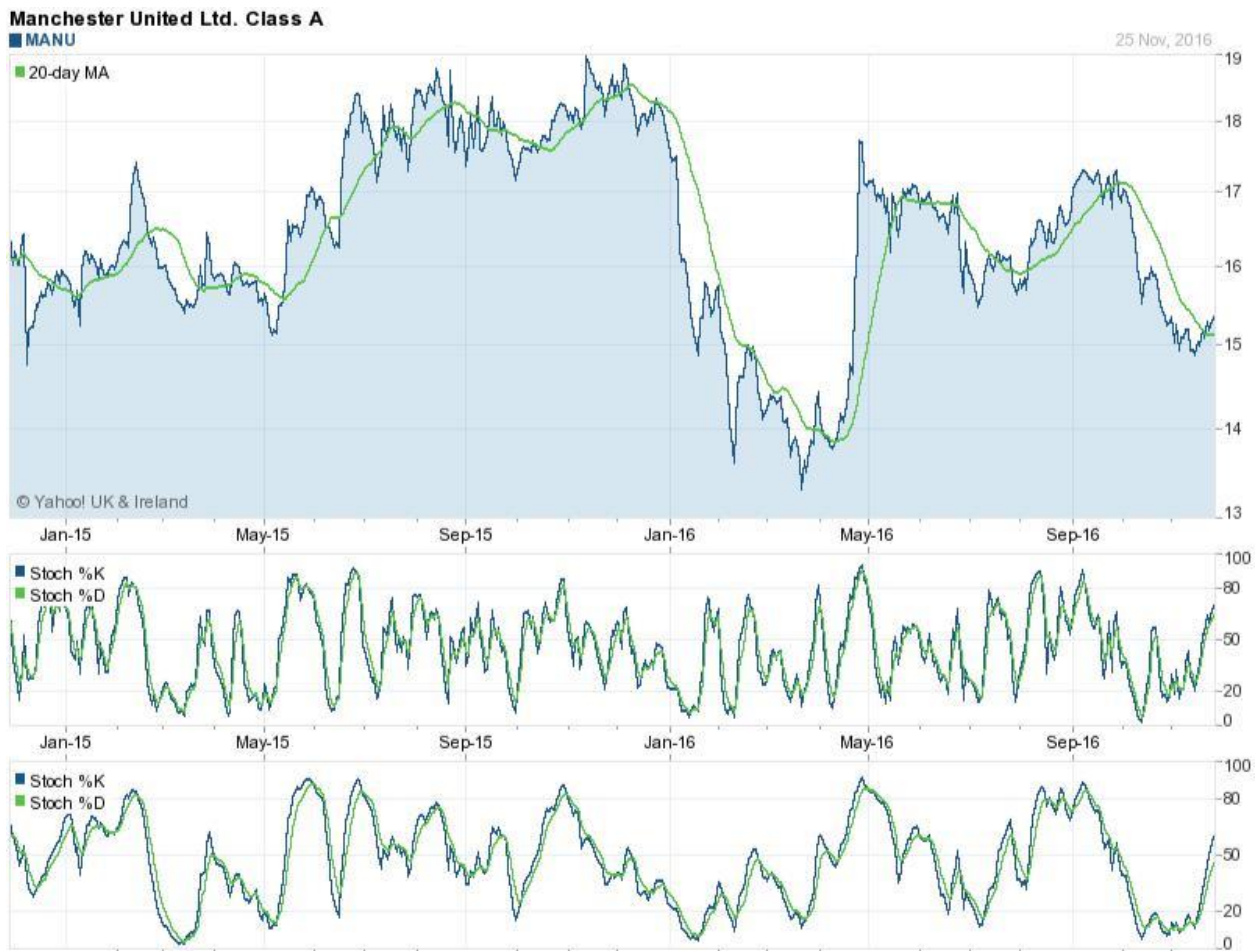


Source: (*finance.yahoo.com, 2016*)

According to 20-day moving average, the Man Utd is at USD 15.17 dollar and it suggests selling the stock.

3. Stochastic Oscillator is a momentum indicator that shows the location of the close relative to the high-low range over a set number of periods. The Stochastic Oscillator “doesn't follow price, it doesn't follow volume or anything like that. It follows the speed or the momentum of price. As a rule, the momentum changes direction before price.” As such, bullish and bearish divergences in the Stochastic Oscillator can be used to foreshadow reversals. Lane identified this first, and most important, signal. Lane also used this oscillator to identify bull and bear set-ups to anticipate a future reversal. Because the Stochastic Oscillator is range bound, is also useful for identifying overbought and oversold levels.

Figure 20: Stochastic Oscillator of MANU stock.



Source: (finance.yahoo.com, 2016)

According to current stochastic indicators on 28th of November 2016, the MANU stock is oversold, which means the price will grow up, by rules of technical analysis.

By figures 18-19-20, we can understand that share price goes to down in May 2016. The main reason was that Manchester United didn't qualify to champions league, didn't ranked in TOP - 4 of EPL, after end of month coach Louis Van Gaal was fired, even the winner cup of FA didn't save his chair. In commonly share always grows up and it holds a good price of share.

5. Conclusion

Financial position of sport club is the most important characteristic of the economic system and activity of company. Without financial analysis, functioning of any economic operator is impossible nowadays. Right now the most football clubs try to build own relationship with sponsors, investors, banks and credit companies, in turn, assess their perspectives and financial condition. One of main thing of football industries are sponsors and fans. By my analyze we can understand that club, can be a rich club without any trophies. Manchester United is one the famous club in the world and we can understand this by fans populations and advertisement. Statistically it shows that Manchester has a lot of contract in each area of industry. The analytical part of these diploma thesis shows, that share price of MANU stock grows up, during 4 years, it grew by 63%, from USD 12.18 to 19.58, which is good for sport business industries. Opinion of analyst companies is positive, not negative, what means that buying MANU shares will be the good decision. In general, Manchester United is a very huge club with a good reputation of goods and trophies with football players and histories, with good financial policies and good prediction for the future growth.

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