

# **Manchester City Football Club Limited**

## **Directors' Report and Financial Statements**

**For the year ended 31 May 2015**

Registered number 40946



# Manchester City Football Club Limited

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# **Manchester City Football Club Limited**

## **Directors and Advisors**

### **Directors**

K Al Mubarak (Chairman)  
J MacBeath  
M Edelman  
S Pearce  
M Al Mazrouei  
A Galassi

### **Company Secretary**

S Cliff

### **Registered Office**

Etihad Stadium, Etihad Campus, Manchester M11 3FF

### **Bankers**

Barclays Bank PLC, 51 Mosley Street, Manchester M60 2AU

### **Auditors**

BDO LLP, 3 Hardman Street, Manchester M3 3AT

### **Solicitors**

Shearman & Sterling LLP, Broadgate West, 9 Appold Street, London EC2A 2AP

# Manchester City Football Club Limited

## Strategic Report

The Directors submit their report and the financial statements for the year ended 31 May 2015.

### Principal activities

The principal activity of the Company is the operation of a professional football club.

### Business Review and Key Performance Indicators

Manchester City maintained its positive trajectory in 2014-15 by increasing revenues for the seventh consecutive year and delivering a bottom line profit for the first time since the acquisition of the Club by the Abu Dhabi United Group Investment and Development in 2008.

The Club has reported a bottom line profit of £10.7m for 2014-15 while achieving a further increase in operating profit before player trading compared to 2013-14. The operating profit of £2.0m before profit on disposal of players demonstrates the underlying ability of the Club to generate revenues in excess of its outgoings.

Manchester City generated £351.8m in revenue in 2014-15, breaking the £350m threshold for the first time in its history. The Club has experienced overall revenue growth with commercial revenue up by 4% to £173.0m and broadcast revenue up by 2% to £135.4m, despite matchday revenue decreasing by 9% to £43.3m.

Key drivers of increased revenue in 2014-15 included the retention and recruitment of a variety of regional and global commercial partners.

The decline in matchday revenue can be largely attributed to a short Capital One Cup campaign and temporarily reduced seating capacity due to the Stadium expansion works. The Club hosted 19 home matches in the 2014-15 Barclays Premier League and a total of 28 home games in all competitions with average attendance at the Etihad Stadium at a reduced 45,365 during 2014-15.

Wage costs have continued to be controlled and the Club's wage/turnover ratio now stands at a healthy 55%. Consistent with the commitment made in 2009-10 that transfers of the scale seen in previous years would be unlikely to be repeated, the Club has continued to benefit from greater stability in its first team squad resulting in reduced amortisation costs.

The Club has also made important progress on two key infrastructure projects during 2014-15. The opening of the City Football Academy in late 2014 has transformed the Club's recruitment, training and development capabilities while the expansion of the Etihad Stadium to a capacity of 55,000 will enable more spectators to attend Manchester City home games from the 2015-16 season onwards.

Importantly, Manchester City's financial position remains strong. The Club has net assets valued at more than £676m and continues to operate with zero financial debt.

We now enter the 2015-16 season as a profitable business with no outstanding sanctions or restrictions.

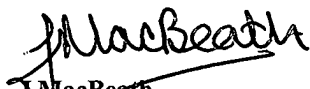
# Manchester City Football Club Limited

## Strategic Report (continued)

### Risks and uncertainties

The Board acknowledges that there are a number of risks and uncertainties which could have a material impact on the Club's performance. The Club's income is affected by the performance of the first team because significant revenues are dependent upon strong team performances in the Premier League, domestic and European Cup competitions. The Club is regulated by the rules of the FA, Premier League, UEFA and FIFA and any change to these regulations could have an impact as the regulations cover areas such as: the distribution of broadcasting income, the eligibility of players and the operation of the transfer market. The Club monitors its compliance with all applicable rules and regulations on a continuous basis and considers the impact of any potential changes.

By order of the Board

  
J MacBeath  
Director  
28 August 2015

# Manchester City Football Club Limited

## Directors' Report

The Directors who held office during the year were as follows:

K Al Mubarak (Chairman)  
J MacBeath  
M Edelman  
S Pearce  
M Al Mazrouei  
A Galassi

## Result for the year

The profit for the financial year was £10,749,000 (2014: loss of £22,929,000). The Directors do not propose a dividend (2014: £nil).

## Political and charitable contributions

The Company made no political contributions. Donations to UK charities amounted to £2,041,724 (2014: £2,228,313). This amount includes £1.9m supporting Premier League youth and community development expenditure.

## Employee involvement

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Company and are of interest to them as employees.

## Disabled employees

Disabled employees are given full and fair consideration for all types of vacancy. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain him/her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

# Manchester City Football Club Limited

## Statement of Directors' Responsibilities

### Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board

  
J MacBeath  
Director  
28 August 2015

# **Manchester City Football Club Limited**

## **Independent Auditors' Report to the Members of Manchester City Football Club Limited**

We have audited the financial statements of Manchester City Football Club Limited for the year ended 31 May 2015 which comprise the profit and loss account, statement of total recognised gains and losses, note of historical cost profits and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2015 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



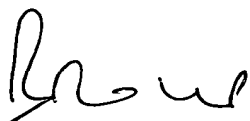
# Manchester City Football Club Limited

## Independent Auditors' Report to the Members of Manchester City Football Club Limited (continued)

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



*Julien Rye (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Manchester*

*1 September 2015*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Manchester City Football Club Limited

## Profit and Loss Account

for the year ended 31 May 2015

	Note	Operations excluding player trading Year ended 31 May 2015 £000	Player trading Year ended 31 May 2015 £000	Total Year ended 31 May 2015 £000	Total Year ended 31 May 2014 £000
Turnover	2	351,766	-	351,766	346,512
Other operating income	3	800	-	800	1,775
Operating expenses	3	(280,322)	(70,291)	(350,613)	(366,160)
<b>Operating profit/(loss)</b>		72,244	(70,291)	1,953	(17,873)
Profit on disposal of players		-	13,832	13,832	197
<b>Profit/(loss) before interest and taxation</b>		72,244	(56,459)	15,785	(17,676)
Interest receivable and similar income	6	30	-	30	52
Interest payable and similar charges	7	(1,279)	-	(1,279)	(960)
Stadium finance lease charges		(4,167)	-	(4,167)	(4,345)
<b>Profit/(loss) on ordinary activities before taxation</b>		66,828	(56,459)	10,369	(22,929)
Taxation	8	380	-	380	-
<b>Profit/(loss) on ordinary activities after taxation</b>	18	67,208	(56,459)	10,749	(22,929)

The results for the period are from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

# Manchester City Football Club Limited

## Statement of Total Recognised Gains and Losses

for the year ended 31 May 2015

	Note	Year ended 31 May 2015 £000	Year ended 31 May 2014 £000
Profit/(loss) for the financial year		10,749	(22,929)
Unrealised surplus on revaluation of properties	18	8,869	-
<b>Total recognised profit/(loss) for the year</b>		<b>19,618</b>	<b>(22,929)</b>

## Note of Historical Cost Profits and Losses

for the year ended 31 May 2015

	Year ended 31 May 2015 £000	Year ended 31 May 2013 £000
Profit/(loss) on ordinary activities after taxation	10,749	(22,929)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1,120	1,120
<b>Historical cost profit/(loss) on ordinary activities before and after taxation</b>	<b>11,869</b>	<b>(21,809)</b>

The notes on pages 12 to 24 form part of these financial statements.

# Manchester City Football Club Limited

## Balance Sheet

as at 31 May 2015

Registered number: 40946

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Intangible assets	9	194,155	207,264
Tangible assets	10	406,698	346,310
Investments	11	-	-
		<b>600,853</b>	<b>553,574</b>
<b>Current assets</b>			
Debtors - amounts falling due within one year	12	174,418	176,956
Debtors - amounts falling due after more than one year	12	25,773	22,873
Cash at bank and in hand		74,752	21,401
		<b>274,943</b>	<b>221,230</b>
<b>Creditors – due within one year</b>	13	<b>(97,959)</b>	<b>(116,988)</b>
<b>Deferred income – due within one year</b>	16	<b>(25,172)</b>	<b>(14,504)</b>
<b>Net current assets</b>		<b>151,812</b>	<b>89,738</b>
<b>Total assets less current liabilities</b>		<b>752,665</b>	<b>643,312</b>
<b>Creditors - due after more than one year</b>	14	<b>(75,390)</b>	<b>(69,910)</b>
<b>Deferred income – due after more than one year</b>	16	<b>(1,028)</b>	<b>(1,073)</b>
<b>Net assets</b>		<b>676,247</b>	<b>572,329</b>
<b>Capital and reserves</b>			
Called up share capital	17	1,258,346	1,174,046
Share premium account	18	45,008	45,008
Revaluation reserve	18	53,555	44,686
Profit and loss account	18	(680,662)	(691,411)
<b>Shareholders' funds</b>	20	<b>676,247</b>	<b>572,329</b>

The notes on pages 12 to 24 form part of these financial statements.

These financial statements were approved by the Board of Directors on 28 August 2015 and were signed on its behalf by:

  
**J MacBeath**  
Director

# Manchester City Football Club Limited

## Notes to the Financial Statements

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of certain tangible fixed assets. The Company is reliant on its ultimate parent undertaking, Abu Dhabi United Group Investment & Development, for its continued financial support. It has received written confirmation from its ultimate parent undertaking that sufficient funds will be provided to finance the business for at least 12 months from the date of approval of the financial statements. Based on discussions with the ultimate owner and formal confirmation of support, the Directors continue to adopt the going concern basis in preparing the financial statements.

#### **Cash flow statement**

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### **Related party transactions**

As the Company is a wholly owned subsidiary of Manchester City Limited, a wholly owned subsidiary of City Football Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the City Football Group. The consolidated financial statements of the ultimate UK parent company City Football Group Limited, within which this company is included, can be obtained from Companies House.

#### **Consolidation**

The financial statements contain information about Manchester City Football Club Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Manchester City Limited, a company registered in England and Wales.

#### **Turnover**

Turnover represents amounts receivable by the Company, excluding Value Added Tax and transfer fees, in respect of TV income, gate receipts, commercial activities relating to the Club and donations. Advanced season ticket sales are included within deferred income and released to turnover in the relevant season. Advanced match revenue is included within deferred income and is recognised over the period of the football season as games are played. Commercial and other partnership revenues are included within deferred income and are recognised over the life of the relevant contracts.

#### **Investments**

Investments held as fixed assets are stated at cost less any provision for impairment.

#### **Intangible assets**

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised over the contract period on a straight line basis. Impairments in value below the amortised value are provided for when the carrying amount exceeds the amount recoverable through use or sale.

#### **Signing on fees**

Signing on fees are charged to the profit and loss account over the life of the player's contract.

# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### 1 Accounting policies *(continued)*

#### Pensions

The Company is a member of the Football League Pension and Life Assurance Scheme which has been closed for new employees. All pension schemes are defined contribution schemes and all contributions are charged to the profit and loss account as they become payable.

#### Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2% straight line
Long leasehold buildings	-	estimated useful economic life of the asset
Short leasehold buildings	-	estimated useful economic life of the asset
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% straight line

Cost includes directly attributable finance costs.

These rates are designed to write off the assets to their residual values over their estimated useful lives.

FRS 15 requires fixed assets which are carried at revalued amounts to be shown at their current value at the balance sheet date. To achieve this the Etihad Stadium, held within long leasehold land and buildings, is subject to a full valuation on a depreciated replacement cost basis every five years with an interim valuation carried out in the third year of this cycle.

Where the Company's websites are expected to generate future revenues in excess of costs of development then these costs are capitalised.

#### Deferred tax

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19.

No deferred tax asset has been recognised as at 31 May 2015 as in the Company's opinion it is unlikely that there will be sufficient taxable profits arising in the foreseeable future for the asset to be recovered.

#### Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### Capital grants

Grants receivable in respect of capital expenditure are treated as deferred income and released to the profit and loss account over a future period. This period will equal the economic life of the assets to which the grants relate in order to match the income to the depreciation charged on those assets. Deferred grant income in the balance sheet represents total grants received less amounts credited to the profit and loss account.

# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### 1 Accounting policies *(continued)*

#### Foreign currency transactions

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

### 2 Turnover

	Year ended 31 May 2015 £000	Year ended 31 May 2014 £000
Matchday	43,330	47,457
Broadcasting - UEFA	32,860	31,329
Broadcasting - All Other	102,566	101,910
Other commercial activities	173,010	165,816
	<b>351,766</b>	<b>346,512</b>

All turnover originates in the United Kingdom. The Company has one activity which is the operation of a professional football club and therefore a segmental analysis has not been provided. All of the results for this activity are included within the primary statements.

### 3 Operating profit/(loss)

	Year ended 31 May 2015 £000	Year ended 31 May 2014 £000
<b>Other operating income</b>		
Other operating income	800	1,775
	<b>800</b>	<b>1,775</b>
<b>Operating expenses</b>		
Direct cost of sales and consumables	6,406	8,988
Remuneration of auditors and its associates:		
Audit fees	46	44
Tax Services	11	55
Other services	62	-
Hire of other assets – operating leases	118	168
Capital grants released and amortised	(170)	(116)
Other external charges	69,223	58,620
UEFA settlement	-	16,260
Insurance proceeds	-	(6,670)
Staff costs (Note 5)	193,821	205,044
Amortisation of player registrations	70,291	76,484
Loss on disposal of fixed assets	1,719	-
Depreciation of tangible fixed assets:		
Owned	6,892	5,277
Leased	2,194	2,006
	<b>350,613</b>	<b>366,160</b>
<b>Operating profit/(loss)</b>		
Operating profit/(loss) before player trading	72,244	58,611
Amortisation of player registrations	(70,291)	(76,484)
	<b>1,953</b>	<b>(17,873)</b>

# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### 4 Directors' remuneration

	Year ended 31 May 2015 £000	Year ended 31 May 2014 £000
Directors' emoluments	-	-
Company contributions to money purchase pension schemes	-	-
Amounts paid to third parties in respect of Directors' services	-	5

No directors were paid in the year (2014: £nil) and no Company pension contributions were made (2014: £nil).

### 5 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the financial year, analysed by category, was as follows:

Number of employees	Year ended 31 May 2015	Year ended 31 May 2014
Football staff – including players	145	112
Commercial/administration staff	175	202
	320	314

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	168,718	179,021
Social security costs	24,562	25,288
Other pension costs	541	735
	193,821	205,044

### 6 Interest receivable and similar income

	Year ended 31 May 2015 £000	Year ended 31 May 2014 £000
Bank interest	30	51
Other	-	1
	30	52



# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### 7 Interest payable and similar charges

	Year ended 31 May 2015 £000	Year ended 31 May 2014 £000
Bank loans and overdrafts	1,274	798
Other loans	5	-
Finance lease interest	-	162
	<b>1,279</b>	<b>960</b>

### 8 Taxation

(a) Analysis of the tax (credit)/charge in the year:

	Year ended 31 May 2015 £000	Year ended 31 May 2014 £000
Current tax		
UK corporation tax at 21% (2014: 23%) on profits for the year	-	-
Adjustments in respect of prior years	(380)	-
Tax on profits from ordinary activities	<b>(380)</b>	-

(b) Factors affecting tax charge for the year:

The current tax charge for the year varies from the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	Year ended 31 May 2015 £000	Year ended 31 May 2014 £000
Loss on ordinary activities before taxation	10,369	(22,929)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014: 23%)	2,160	(5,197)
Effects of:		
Expenses not deductible for tax purposes	87	3,762
Fixed asset timing differences	332	1,501
Other permanent differences	497	-
Additional deduction for land remediation expenditure	(10)	-
Tax losses utilised in the period	(2,999)	-
Adjustments in respect of prior periods	(380)	-
Differences between capital allowances and depreciation	30	-
Other timing differences	(31)	(389)
Tax losses incurred in the year	-	323
Income not taxable for tax purposes	(66)	-
Current tax credit for the year	<b>(380)</b>	-

The Company has corporation tax losses available for carry forward of approximately £611 million (2014: £614 million).

# Manchester City Football Club Limited

## Notes to the Consolidated Financial Statements (continued)

### 8 Taxation (continued)

c) Factors that may affect future tax charges:

The Company expects its effective tax rate in future years to be less than the standard rate of corporation tax in the UK due principally to the amount of tax losses available to be set off against future taxable profits.

### 9 Intangible fixed assets

Amounts paid for players' registrations:	£000
Cost	
As at 1 June 2014	440,444
Additions	98,258
Disposals	(128,143)
<b>As at 31 May 2015</b>	<b>410,559</b>
Amortisation	
As at 1 June 2014	233,180
Amortisation of player registrations	70,291
Disposals	(87,067)
<b>As at 31 May 2015</b>	<b>216,404</b>
Net book value	
<b>As at 31 May 2015</b>	<b>194,155</b>
As at 1 June 2014	207,264

### 10 Tangible fixed assets

	Land and Buildings (Freehold) £000	Land and Buildings (Short Leasehold) £000	Land and Buildings (Long Leasehold) £000	Assets under course of construction £000	Fixtures, Fittings & Equipment £000	Total £000
Cost/valuation						
As at 1 June 2014	59,833	2,288	141,233	126,490	38,315	368,159
Additions	19,941	-	5	30,292	12,086	62,324
Disposals	-	-	-	-	(6,813)	(6,813)
Reclassification	110,227	-	-	(110,488)	261	-
Revaluation	-	-	8,869	-	-	8,869
<b>As at 31 May 2015</b>	<b>190,001</b>	<b>2,288</b>	<b>150,107</b>	<b>46,294</b>	<b>43,849</b>	<b>432,539</b>
Depreciation						
As at 1 June 2014	1,775	637	3,537	-	15,900	21,849
Charge for the year	1,428	74	2,120	-	5,464	9,086
Disposals	-	-	-	-	(5,094)	(5,094)
<b>As at 31 May 2015</b>	<b>3,203</b>	<b>711</b>	<b>5,657</b>	<b>-</b>	<b>16,270</b>	<b>25,841</b>
Net book value						
<b>As at 31 May 2015</b>	<b>186,798</b>	<b>1,577</b>	<b>144,450</b>	<b>46,294</b>	<b>27,579</b>	<b>406,698</b>
As at 1 June 2014	58,058	1,651	137,696	126,490	22,415	346,310

# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### 10 Tangible fixed assets *(continued)*

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 15 'Tangible fixed assets':

	<b>2015</b>
	<b>£000</b>
At depreciated replacement cost	194,148
Aggregate depreciation thereon	(5,381)
<b>Net book value</b>	<b>188,767</b>
Historical cost of revalued assets	127,125
Aggregate depreciation thereon	(12,417)
<b>Historical cost net book value</b>	<b>114,708</b>

Tangible fixed assets are shown at their original cost to the Company with the exception of the Etihad Stadium. A full valuation was obtained by the Directors as at 31 May 2015 from GVA Grimley Ltd on a depreciated replacement cost basis and was made in accordance with the Royal Institute of Chartered Surveyors' Asset Statements of Valuation Practice and Guidance Notes. The results of this new valuation have subsequently been incorporated into the financial statements.

No deferred tax is provided on timing differences arising from the revaluation of fixed assets unless, by the balance sheet date, a binding agreement to sell the assets has been entered into and it is unlikely that any gain will be rolled over.

The net book value of fixed assets at 31 May 2015 includes £188,767,015 (2014: £135,800,000) in respect of assets on finance lease or hire purchase. Depreciation for the year on these assets was £2,088,072 (2014: £1,865,000).

The cumulative amount of interest capitalised in the total cost of tangible fixed assets amounts to £283,000 (2014: £283,000).

#### **Finance Lease on Etihad Stadium**

On 5 August 2003 Maine Road was exchanged for a 250 year leasehold interest in the Etihad Stadium. Rental payments are made quarterly. The lease has been treated as a finance lease, with the lease premium and the net present value of future rental obligations capitalised.

A finance lease creditor equal to the future obligations under the lease has been established. In calculating the future obligations an interest rate of 7.57% and an estimated long term inflation rate of 2.5% have been applied.

# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### 11 Fixed asset investments

	Shares in Subsidiary Undertakings £000
Cost and net book value at 31 May 2015	-
Cost and net book value at 31 May 2014	-

Subsidiary undertakings	Principle activities	Proportion of voting rights and share capital held
Manchester City Investments Limited	Issuer of Loan Notes	100%
Incorporated in England and Wales.		

During the year ended 31 May 2015, Manchester City Property Limited was renamed City Football Academy Manchester Limited and Manchester City Developments Limited was renamed City Football Image Rights Limited. Both entities were transferred to City Football Group Limited, the parent company of Manchester City Limited for a nominal fee of £1 with no profit or loss on disposal.

### 12 Debtors

	2015 £000	2014 £000
<b>Amounts falling due within one year</b>		
Trade debtors	32,584	82,615
Debtors arising from player transfers	41,976	11,248
Amounts owed by group undertakings (Note 24)	39,806	34,930
Amounts owed by related party undertakings (Note 24)	-	623
Other debtors	21	78
Prepayments and accrued income	60,031	47,462
	<b>174,418</b>	<b>176,956</b>
<b>Amounts falling due after more than one year</b>		
Trade debtors	5,625	11,520
Debtors arising from player transfers	19,618	10,309
Other debtors	530	1,314
	<b>25,773</b>	<b>22,873</b>
<b>Total debtors</b>	<b>200,191</b>	<b>199,829</b>

# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### 13 Creditors: due within one year

	2015	2014
	£000	£000
Obligations under finance leases (Note 15)	331	315
Trade creditors	2,801	4,040
Creditors arising from player transfers	19,871	9,484
Amounts owed to group undertakings	101	2,088
Amounts owed to related party undertakings	5,105	4,937
Other creditors including tax and social security	13,720	14,906
Accruals	56,030	81,218
	<b>97,959</b>	<b>116,988</b>

### 14 Creditors: due after more than one year

	2015	2014
	£000	£000
Obligations under finance leases (Note 15)	66,669	67,000
Creditors arising from player transfers	8,721	2,910
	<b>75,390</b>	<b>69,910</b>

### 15 Borrowings

	Finance Leases	2015 Total	2014 Total
	£000	£000	£000
<b>Maturity of debt:</b>			
Within one year	331	331	315
Between one and two years	347	347	331
Between two and five years	1,151	1,151	1,096
After more than five years	65,171	65,171	65,573
	<b>67,000</b>	<b>67,000</b>	<b>67,315</b>

During the year all external loans were repaid.

#### Finance Leases

Obligations under finance leases include future obligations under the lease of the Etihad Stadium. Details are provided within note 10.

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2015	2014
	£000	£000
Within one year	3,550	3,550
In the second to fifth year	14,200	14,200
Over five years	157,375	160,925
Less future finance charges	(108,125)	(111,360)
	<b>67,000</b>	<b>67,315</b>

# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### 16 Deferred income

	2015 £000	2014 £000
<b>Within one year:</b>		
Deferred income	25,127	14,459
Deferred credit for capital grants	45	45
	<b>25,172</b>	<b>14,504</b>
<b>More than one year:</b>		
Deferred income	-	-
Deferred credit for capital grants	1,028	1,073
	<b>1,028</b>	<b>1,073</b>
<b>Total deferred income</b>	<b>26,200</b>	<b>15,577</b>

#### Deferred credit for capital grants

	£000
The movements in deferred credit for capital grants during the year were as follows:	
At 1 June 2014	1,118
Grants released in year	(45)
<b>At 31 May 2015</b>	<b>1,073</b>

### 17 Called up share capital

The authorised and issued share capital at the beginning and end of the year is as follows:

	2015 £000	2014 £000
Issued and called up		
1,258,345,585 (2014: 1,174,045,585) Ordinary shares of £1 each	1,258,345	1,174,045
3,399 (2014: 3,399) Ordinary shares of £1 each – 25p paid	1	1
	<b>1,258,346</b>	<b>1,174,046</b>

During the year 84,300,000 ordinary shares of £1 each were issued for a consideration of £1 per share.

### 18 Reserves

	Share Premium £000	Revaluation Reserve £000	Profit & Loss Account £000
At 1 June 2014	45,008	44,686	(691,411)
Retained profit for the year	-	-	10,749
Revaluation in the year	-	8,869	-
<b>At 31 May 2015</b>	<b>45,008</b>	<b>53,555</b>	<b>(680,662)</b>

# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### 19 Contingent liabilities

Additional transfer fees, signing on fees and loyalty bonuses of £112,918,000 (2014: £100,563,000) that will become payable upon the achievement of certain conditions contained within player and transfer contracts if they are still in the service of the Club on specific future dates are accounted for in the year in which they fall due for payment.

### 20 Reconciliations of movement in shareholders' funds

	2015 £000	2014 £000
Profit/(loss) for the financial year	10,749	(22,929)
Revaluation surplus	8,869	-
Issue of shares	84,300	160,000
Net increase in shareholders' funds	103,918	137,071
Opening shareholders' funds	572,329	435,258
Total closing shareholders' funds	676,247	572,329

### 21 Pensions

The Company is a member of The Football League Limited Pension and Life Assurance Scheme, a pension scheme providing benefits based on final pensionable pay. As the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

At 31 May 2015 a Minimum Funding Requirement Deficit was identified in the scheme, of which £230,644 (2014: £316,436) was allocated to the Company.

The latest full actuarial valuation was carried out at 31 August 2014 and was updated for FRS 17 purposes by a qualified independent actuary. The contribution for the year was £63,857 (2014: £63,857).

### 22 Commitments

The annual commitments under non-cancellable operating leases are set out below.

	2015 £000	2014 £000
Expiring:		
Within one year	1	67
Within two and five years	-	4
After five years	-	-
	1	71

The capital commitments contracted but not provided for are as follows:

	2015 £000	2014 £000
Contracted but not provided for	10,036	47,905

The capital commitments represent contracted amounts in relation to the expansion of the Etihad Stadium.

# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### 23 Financial instruments and risk management

The Company's financial instruments comprise borrowings, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of the financial instruments is to finance the Company's operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks. These policies have remained unchanged since the prior year.

#### Interest rate risk profile of financial assets and liabilities

The Company has no financial assets, other than short-term debtors and an amount of cash at bank. The interest rate risk profile of the Company's financial liabilities as at 31 May 2015 was:

	Total	Floating rate financial liabilities	Fixed rate Financial Liabilities	Non- Interest Financial Liabilities
	£000	£000	£000	£000
As at 31 May 2015	67,000	-	67,000	-
As at 31 May 2014	67,315	-	67,315	-

The fixed rate liabilities comprise finance lease obligations of £67,000,000 as detailed in note 15.

The maturity profile of the Company's financial liabilities as at 31 May 2015 is shown in note 15.

The carrying values of financial assets and financial liabilities approximate to their fair values.

### 24 Related party transactions

#### Transactions with subsidiaries of City Football Group Limited

Transactions during the year ended 31 May 2015 with New York City Football Club LLC, a fellow subsidiary of City Football Group Limited, consisted of loans totalling £70,000 (2014: £308,000), which are included in debtors due within one year and the provision of services of £58,000 (2014: £nil).

Transactions during the year ended 31 May 2015 with Melbourne City Football Club Pty Limited, a fellow subsidiary of City Football Group Limited, consisted of a cost recharges totalling £117,000 (2014: £nil), which are included in debtors due within one year.

#### Transactions with Brookshaw Developments Limited

During the year, tangible assets consisting of land and buildings with a net book value of £2,158,000 were purchased from Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment & Development and a balance of £5,105,000 (2014: £4,937,000) is included in creditors due within one year.



# Manchester City Football Club Limited

## Notes to the Financial Statements *(continued)*

### **25 Post balance sheet events**

As at the date of signing the Directors' Report, since the year-end the football registrations of Raheem Sterling (from Liverpool FC), Fabian Delph (from Aston Villa FC), Nicolas Otamendi (from Valencia CF) and Patrick Roberts (from Fulham FC) have been acquired. The football registrations of Karim Rekik (to Olympique de Marseille), Edin Dzeko (to AS Roma), Marcos Mesquita-Lopes (to AS Monaco) and Dedryck Boyata (to Celtic FC) have been sold. The net expenditure on these transactions was approximately £68.3m.

### **26 Ultimate parent company**

As at the 31 May 2015 the Company's ultimate parent undertaking was Abu Dhabi United Group Investment & Development, a company registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan.

Manchester City Limited is the parent undertaking of the smallest group to consolidate these financial statements. City Football Group Limited is the parent undertaking of the largest group to consolidate these financial statements. Copies of Manchester City Limited and City Football Group Limited consolidated financial statements can be obtained from Companies House.