
MANCHESTER CITY LIMITED



FINANCIAL STATEMENTS YEAR ENDED 31 MAY 2010

Registered number 2989498



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DIRECTORS AND ADVISORS

DIRECTORS OF MANCHESTER CITY LIMITED

K Al Mubarak (Chairman)
G Cook (Chief Executive)
S Pearce
M Edelman
J Macbeath
M Al Mazrouei

Club Secretary

R Baker

Registered Office

City of Manchester Stadium, SportCity, Manchester M11 3FF

Registered Number

2989498

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



CHAIRMAN'S STATEMENT

After becoming owner of Manchester City Football Club in September 2008, Sheikh Mansour wrote directly to the fans. In that letter, he promised to put their interests first as the Club's most important stakeholders and made clear he was committed to the Club for the long term.

Two years later, these original commitments continue to guide the Club's Board and executive leadership and I hope are evident in all aspects of this Annual Report for 2009-10.

In and of itself, the publication of this Annual Report represents a significant milestone. It is a statement of openness to the Club's fans and employees and also one of confidence in our long-term vision and progress towards its achievement.

The focus of the Board and executive leadership has been the improvements to the Club's infrastructure, facilities and professional capabilities. We are encouraged by the growth in the Club's capacity to generate revenue from various sources.

Simply put, we are where we expected to be at this stage of the Club's transformation. Perhaps more importantly, we are confident that investments made in the 2009-10 financial year will benefit City fans, players and employees alike for many years to come.

We are certainly pleased with the team's improved performance on the pitch. While it must be conceded that we fell short of our ambition for the 2009-10 season, we should not underestimate the importance of the Club achieving its best ever finish in the Premier League.

With the football organisation and first team squad we have assembled in the last two years, we now have the expertise and players required to compete with the best clubs in England, Europe and around the world. By building on the strong foundations we already have in youth development, we are determined that a growing proportion of the Club's first team will be drawn from within in the years ahead.

Off the pitch, we have expanded the Club's philanthropic activities, within the Manchester area but also in places as far afield as Sierra Leone, New York and Abu Dhabi. With more than 200,000 people per year reached by the City in the Community program, including 50,000 children benefiting from our free soccer schools during 2009-10, we are fortunate to have such a unique platform upon which to build our broader community outreach activities in the future.

With such a diverse range of activities under one umbrella, it is clear that you cannot separate the Club's performance on the pitch from its success off it. We are a football Club, an international business, a local employer and a community organisation all rolled into one, and the successful transformation of Manchester City Football Club means meeting our objectives in each of these areas over time.

Together with all of the people working for Manchester City, the Club's Board and executive leadership are optimistic that the next major achievement in our ongoing transformation process will be a successful season in 2010-11 that meets, and potentially exceeds, all of our shared expectations.

Khaldoon Al Mubarak
Chairman
21 September 2010



CHIEF EXECUTIVE'S STATEMENT

This is the first comprehensive Annual Report published by Manchester City Football Club since its acquisition by the Abu Dhabi United Group in 2008. It is fitting that it should occur now, on the second anniversary of that event and in the midst of such important developments at Eastlands.

Manchester City Football Club is undergoing a significant transformation, and our financial results for 2009-10 reflect the pace of that process through rapid and ongoing investment in our infrastructure, facilities and professional capabilities.

Ultimately, our aim is to drive the evolution of MCFC from a much-loved football team into a strong and successful organisation with its roots planted deeply in the Manchester community to which it belongs. Put simply, the Club with arguably the best fans in the world is working harder than ever to provide its most loyal and important stakeholders with the results they deserve both on and off the pitch.

Change has occurred across the organisation in both high profile and less obvious ways.

New capital projects such as the City@Home corporate offices, improvements to our training grounds, new gym and medical facilities, and improved accommodation at our Academy have all had a significant impact.

As too has the recruitment of 106 non-playing staff in the 2009-10 financial year. These new team members have brought new skills and expertise into the organisation. Importantly we have introduced new benefits for our employees, which has enhanced our reputation as an employer of choice in the industry and the region, allowing us to attract the very best talent.

The Club has always prided itself on living up to its commitment to the community that it serves. The continuation of that commitment is a priority for the owner, the Board and the organisation as a whole. As a result the last year has seen an expansion of the Club's corporate social responsibility offering. Building upon the flagship City in the Community program we have increased the potential impact of our philanthropy and enhanced our ability to work with more individuals, fans and community organisations in the local area and beyond in the years ahead.

Of course the most obvious change in our Club over the last year has been the creation of a first team playing squad under the guidance of a world-class manager - a group capable of achieving the results we require whilst at the same time injecting significant momentum into our player development and recruitment activities at all levels.

From an organisational perspective, we have a clear picture of what success should look like. The Club's transformation is therefore driven by a desire to constantly deliver the right environment for the very best football to flourish. At the same time our aim is to always create a premium experience for our supporters and to deliver the right support for our people and our community. We will continue to evolve our facilities to a world leading level and seek to operate with excellence as an organisation. With all of this comes an obligation to deliver growth and development that can ultimately be commercially balanced and sustained.

Improving our performance in each of these areas simultaneously is an ambitious strategy, and there is no denying that a transformation of this magnitude requires heavy up-front investment. In the 2009-10 financial year, the Club has reported a loss, while our commercial revenue has increased significantly.



CHIEF EXECUTIVE'S STATEMENT *(continued)*

These results should come as no surprise. Investments made in the 2009-10 financial year are consistent with our owner's long-term vision to operate on a more successful and sustainable footing in the future.

It is safe to say that player acquisitions on the scale we have seen in recent transfer windows will no longer be required in the years ahead now that we have such a deep and competitive squad.

In 2009-10, we narrowly fell short of our goals on the pitch, but still achieved nine club records including our best ever result in the Premier League. Under the management of Roberto Mancini, the team is in ideal shape for the 2010-11 season, and is committed to providing the fans with the result we all are hoping for.

However, whatever happens this year, the fans and employees of MFCFC can be confident in the knowledge that their football club is now in a position to compete and succeed in the way that so many hoped would one day be possible.

It is up to all of us to make the most of that opportunity.

Garry Cook
Chief Executive
21 September 2010



FINANCIAL REVIEW

The financial year to 31 May 2010 reflects the continuation of the planned investment strategy which was developed and commenced in the prior year. Throughout the year there has been substantial investment made in all areas of the Club both on and off the pitch as we seek to build upon the foundations that were laid in 2008-09.

Not surprisingly, the substantial investment has had a significant impact upon this year's financial results and we are reporting an increase in net losses over the prior year. However, the Club's overall financial performance for 2009-10 is in line with the Board and management team's long-term financial and operating strategies and consistent with expectations at this stage of the transformation process.

The financial foundations upon which the Club operates have been strengthened with the conversion into equity of £304.9m in shareholder loans. A further £135.8m of new equity was issued during the financial year and post year-end a further £53.2m of new equity was issued. As we continue to invest in all areas of the Club, we do so virtually debt free – with only £36m of long term commercial bank debt following the conversion of shareholder loans into equity during the year.

At an operating level, the most positive development in the 2009-10 financial results is that efforts to expand the Club's revenue generating capacity appear to be gaining traction. For the first time in the Club's history we have reported revenues in excess of £100m with a 44% rise in turnover to £125.1m.

The Club achieved significant growth across all of its revenue streams, with particular success in the attraction and retention of an increasingly international stable of corporate partners and sponsors. The Club's best ever performance in the Premier League and record number of televised matches in the 2009-10 Season has also helped drive total revenues to a Club record level.

Financial highlights for 2009-10 include:

- Corporate partnership revenue increasing by £25.9m to £32.4m, an increase of nearly 400% on the previous year, driven by new long term deals with a number of key partners, including Etihad, Abu Dhabi Tourism Authority, Aabar and Etisalat.
- Ticketing revenues increasing by £2.8m (18.6%) to £18.2m largely driven by extended runs in the FA and Carling Cups.
- Season ticket revenues up by £0.9m to £9.6m, as season ticket numbers for the 2009-10 season increased by more than 10% on the previous year.
- Television rights fee income increasing by £5.7m (11.8%) to £53.9m reflecting the Club's highest-ever Premier League finishing position (5th) and record number of live televised Premier League matches (23).
- Match day hospitality revenue growing by £0.7m (13%) on the previous year to £6.1m.
- Retail sales and merchandise revenue increasing by £2.9m (60%) to £7.9m in first year of a new kit supply partnership with Umbro.
- Interest charges reduced by £13.3m to £3.99m following the conversion to equity of shareholder debt.

For the 2009-10 financial year, the Club has reported a net loss of £121.3m. Importantly, this loss includes the first full season's cost of the summer 2009 transfer acquisitions (Tevez, Adebayor, Kolo Toure, Barry, Santa Cruz and Lescott), and the amortisation of player contracts, which is up from £39.4m in 2008/9 to £71.0m in 2009/10.



FINANCIAL REVIEW *(continued)*

The Club's operating loss before amortisation of players for 2009-10 is £55.1m, which is up £20.9m (61%) on 2008-09, principally driven by significant increases in both player and non-player wage costs which have been only partially offset by substantial growth in the Club's commercial and other revenues.

A significant portion of the Club's investment in the last financial year has been to address pressing historical needs for our players, coaches and staff, and to continue the establishment of a solid foundation upon which a more sustainable commercial performance can be achieved in the future.

The Club has also expanded its corporate social responsibility capabilities, investing in the flagship City in the Community program and broader community initiatives in the 2009-10 financial year. These initiatives are highly valued by our owner, Board, management, staff and fans, and are central to fulfilling the role of Manchester City Football Club as a responsible institution at the heart of the Greater Manchester area.

Many investments made by the Club in the last financial year are designed to reduce potential costs and drive revenue in the years ahead. For example, ongoing investment in youth development, training facilities and the Academy are intended to deliver both short and long-term cost savings when assembling a competitive squad in seasons to come. The Club's investment in assets such as stadium infrastructure, land, hospitality facilities and public catering are designed to expand our revenue generating capacity at the same time.

As the Club continues to assess the level of investment required to compete at the highest level, it does so whilst proactively engaging with all relevant stakeholders involved in the evolving debate around how to create greater commercial sustainability within football clubs.

It is also fair to say that the scale of the Club's recent investment in the transfer market is unlikely to be repeated in the near future now that the playing squad is of a sufficient quality and depth to be competitive in both England and Europe. This will reduce the impact of player transfers and salary costs on financial performance in the years ahead.

Graham Wallace
Chief Financial & Administration Officer
21 September 2010



BOARD OF DIRECTORS

The Board of Directors comprises

Khaldoon Al Mubarak - *Chairman*

Khaldoon Al Mubarak was appointed to the Board on 23 September 2008. He is CEO & managing director of Mubadala Development Company and chairman of the Executive Affairs Authority of Abu Dhabi. He is also a director of First Gulf Bank and ALDAR Properties.

Mohamed Al Mazrouei - *Non-executive Director*

Mohamed Mubarak Al Mazrouei joined Abu Dhabi Media Company as Chairman of the Board in July 2010. Mr Al Mazrouei is Under Secretary to the Abu Dhabi Crown Prince's Court, a role he assumed in April 2008. He also serves as a board member for Etihad Airways.

Simon Pearce - *Non-executive Director*

Simon Pearce was appointed to the Board on 23 September 2008. He is Executive Director of Strategic Communications Affairs for the Executive Affairs Authority of Abu Dhabi. He is also a director of twofour54 and Yas Marina Circuit.

Martin Edelman - *Non-executive Director*

Martin Edelman was appointed to the Board on 23 September 2008. He was a director of Cendant Corporation from 1997-2006 and was a director of HFS from November 1993 until December 1997. He has been Of Counsel to Paul, Hastings, Janofsky & Walker, LLP, a New York City law firm, since June 2000 and currently serves as a director of the Avis Budget Group.

John Macbeath - *Non-executive Director*

John Macbeath is a qualified Chartered Accountant with a wealth of international business experience. His early career was spent in the oil and gas industry undertaking a variety of financial and commercial roles with both BP and Statoil. More recently John has worked in the aerospace and defence sector carrying out a number of senior business development roles with BAE Systems - most recently Managing Director, Industrial and Business Development.

Garry Cook - *Chief Executive*

Garry Cook was appointed to the Board as Chief Executive on 1 June 2008. He was previously president of the Jordan brand at Nike Inc, and prior to that held various senior management positions within Nike, most notably as international general manager for the Jordan brand and general manager for Nike Team Sports.



REPORT OF THE DIRECTORS

The Directors submit their report and the financial statements for the year ended 31 May 2010

Result for the year

The loss for the financial year was £121,300,000 (2009 £92,562,000) The Directors do not propose a dividend (2009 £nil)

Principal activity and review of the business

The principal activity of the Group is the operation of a professional football club. A review of the business and future developments is included in the Chief Executive's & Financial Review Statements

Directors

The Directors who served during the year were as follows

K Al Mubarak	(Chairman)
G Cook	(Chief Executive)
S Pearce	
M Edelman	
T Srisumrid	(Resigned 18 September 2009)
V Restis	(Resigned 18 September 2009)
J Macbeath	(Appointed 30 January 2010)
M Al Mazrouei	(Appointed 30 January 2010)

Post balance sheet events

25,110,725 shares were issued to parent company, Abu Dhabi United Group Investment & Development Limited for £53.2m in cash on 30 June 2010

Political and charitable contributions

The Group made no political contributions during the year. Donations to UK charities amounted to £423,856 (2009 £18,989)



REPORT OF THE DIRECTORS (continued)

Supplier payment policy

The Group policy is normally to pay suppliers according to agreed terms of business rather than following any code or standard on payment practice. These terms are agreed upon entering into binding contracts and the Group seeks to adhere to the payment terms providing the relevant goods and services have been supplied in accordance with the contracts.

The Group had 27 days (2009 59 days) of purchases outstanding at the end of the financial year.

Risks and uncertainties

The Board acknowledges that there are a number of risks and uncertainties which could have a material impact on the Group's performance. The Group'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.

Financial Instruments

Details of the Group's use of financial instruments is disclosed in note 28.

Employee involvement

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Group 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.

Auditors

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.

On behalf of the Board

G. Cook
Chief Executive
21 September 2010



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company 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 Group and Company and of the profit or loss of the Group and Company for that year.

In preparing these financial statements, the Directors are required to

- * select suitable accounting policies and then apply them consistently,
- * make judgments and 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, and
- * 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MANCHESTER CITY LIMITED

We have audited the financial statements of Manchester City Limited for the year ended 31 May 2010 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the consolidated note of historical cost profits and losses 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, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- * give a true and fair view of the state of the Group's and the Company's affairs as at 31 May 2010 and of the Group's loss 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.



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MANCHESTER CITY LIMITED

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

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 Parent 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
United Kingdom

Date 29 September 2010

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



GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 May 2010

	Note	Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
TURNOVER	2	125,050	87,033
Operating expenses before amortisation of players	3	(180,153)	(121,228)
OPERATING LOSS before amortisation of players		(55,103)	(34,195)
Amortisation of players	3	(71,006)	(39,403)
OPERATING LOSS after amortisation of players		(126,109)	(73,598)
Profit/(loss) on disposal of players		10,262	(28)
LOSS BEFORE INTEREST AND TAXATION		(115,847)	(73,626)
Interest receivable and similar income	5	696	356
Interest payable and similar charges	6	(3,992)	(17,326)
Stadium finance lease charges		(2,157)	(1,966)
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	20	(121,300)	(92,562)
Basic and diluted loss per ordinary share (pence)	8	(69.6)	(130.8)

The results for both years relate to continuing operations
The notes on pages 18 to 35 form part of these financial statements



STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 May 2010

		Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
	<i>Note</i>		
Loss for the financial year		(121,300)	(92,562)
Unrealised deficit on revaluation of properties	11	(1,726)	(8,157)
TOTAL RECOGNISED LOSSES FOR THE YEAR		(123,026)	(100,719)

NOTE OF GROUP HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 May 2010

	Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
Reported loss on ordinary activities before and after taxation	(121,300)	(92,562)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	1,214	1,486
HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	(120,086)	(91,076)

The notes on pages 18 to 35 form part of these financial statements



BALANCE SHEETS

as at 31 May 2010

		Group		Company	
		2010	2009	2010	2009
Registered number 2989498	Note	£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	10	199,028	131,788	-	-
Tangible assets	11	207,254	175,304	-	-
Investments	12	-	-	46,486	46,486
		406,282	307,092	46,486	46,486
CURRENT ASSETS					
Stocks	13	481	398	-	-
Debtors	14	60,200	9,959	247,023	194,413
Cash at bank and in hand		34,601	18,647	-	-
		95,282	29,004	247,023	194,413
CREDITORS					
Amounts falling due within one year	15	(87,320)	(255,131)	(50)	(163,534)
NET CURRENT ASSETS/(LIABILITIES)					
		7,962	(226,127)	246,973	30,879
TOTAL ASSETS LESS CURRENT LIABILITIES					
		414,244	80,965	293,459	77,365
CREDITORS					
Amounts falling due after more than one year	16	(92,278)	(99,294)	-	-
Deferred income	18	(28,507)	(12,555)	-	-
NET ASSETS/(LIABILITIES)					
		293,459	(30,884)	293,459	77,365
Capital and reserves					
Called up share capital	19	28,348	7,558	28,348	7,558
Share premium account	20	489,690	69,744	489,690	69,744
Revaluation reserve	20	91,084	92,810	-	-
Profit and loss account	20	(315,663)	(200,996)	(224,579)	63
SHAREHOLDERS' FUNDS/(DEFICIT)					
		293,459	(30,884)	293,459	77,365

The notes on pages 18 to 35 form part of these financial statements

These financial statements were approved and authorised for issue by the Board of Directors on 21 September 2010 and were signed on its behalf by


Garry Cook
Chief Executive



GROUP CASH FLOW STATEMENT
for the year ended 31 May 2010

		Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
	Note		
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	25	(84,391)	(26,632)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(4,871)	(4,947)
Interest element of finance lease payments		(2,010)	(2,177)
Interest received		34	356
NET CASH OUTFLOW FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE		(6,847)	(6,768)
CAPITAL EXPENDITURE			
Purchase of intangible fixed assets		(139,837)	(103,182)
Sale of intangible fixed assets		17,513	12,263
Purchase of tangible fixed assets		(41,939)	(6,486)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(164,263)	(97,405)
NET CASH OUTFLOW BEFORE FINANCING		(255,501)	(130,805)
FINANCING			
Issue of shares		135,800	-
Loan capital repaid		(23,672)	(15,400)
Capital element of finance lease rental payments		(273)	(319)
New finance leases		-	1,344
New debt issued		159,600	154,271
NET CASH INFLOW FROM FINANCING		271,455	139,896
MOVEMENT IN CASH IN THE YEAR	26	15,954	9,091

The notes on pages 18 to 35 form part of these financial statements



NOTES

I ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group and 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 Group 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 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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings up to 31 May 2010. The acquisition method of accounting has been adopted. Investments held as fixed assets are stated at cost less any provision for impairment.

Turnover

Turnover represents amounts receivable by the Group, 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.

Fixed assets and depreciation

Depreciation has been charged on tangible fixed assets 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 long leasehold land and buildings are subject to a full valuation every five years with an interim valuation carried out in the third year of this cycle.

Where the Group's websites are expected to generate future revenues in excess of costs of development, then expenditure on the functionality of the website is capitalised.

Financial instruments

The Group has taken advantage of the exemption within FRS 13 "Derivatives and other Financial Instruments Disclosures" to exclude from all the disclosures its short-term debtors and creditors.

Stocks

Stocks are stated at the lower of cost and net realisable value.



NOTES (continued)

I ACCOUNTING POLICIES (continued)

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.

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 2010 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 Group 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.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are included in the profit and loss account.

Pensions

The Group 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.



NOTES (continued)

2 TURNOVER

	Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
Gate receipts	18,220	15,356
Television	53,962	48,259
Other commercial activities	52,814	23,323
Donations from development association	54	95
	125,050	87,033

The Group operates in the United Kingdom in one class of business

3 OPERATING EXPENSES

	Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
Raw materials and consumables	10,501	8,047
Remuneration of auditors and its associates		
Audit fees	44	35
Other services	48	115
Hire of other assets - operating leases	558	312
Capital grants released and amortised	(3,164)	(52)
Other external charges	34,396	26,655
Staff costs (note 4)	133,306	82,633
Depreciation and other amounts written off tangible fixed and intangible assets		
- Owned	1,696	920
- Leased	2,768	2,563
- Amortisation of players	71,006	39,403
	251,159	160,631
Operating expenses comprise		
Operating expenses before amortisation of players	180,153	121,228
Amortisation of players	71,006	39,403
	251,159	160,631



NOTES (continued)

4 STAFF NUMBERS AND COSTS

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

Number of employees	Year ended 31 May 2010	Year ended 31 May 2009
Football staff - including players	190	156
Commercial/administration staff	223	146
	413	302

The aggregate payroll costs of these persons were as follows	Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
--	--------------------------------------	--------------------------------------

Wages and salaries	118,359	73,685
Social security costs	13,833	8,547
Other pension costs	1,114	401
	133,306	82,633

Directors' remuneration	Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
-------------------------	--------------------------------------	--------------------------------------

Emoluments (excluding pension contributions)	1,821	2,290
Aggregate payments to pension schemes	135	92
Amounts paid to third parties in respect of Directors' services	175	34

Emoluments of the highest paid director amounted to £1,821,000 (2009 £1,425,000). Company pension contributions of £135,000 (2009 £90,000) were made to a money purchase scheme on his behalf.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
Bank interest	34	356
Other	662	-
	696	356



NOTES (continued)

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
Bank loans and overdrafts	401	1,691
Other loans	3,498	15,526
Finance lease interest	93	109
	3,992	17,326

7 TAXATION

(a) Analysis of tax charge in year	Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
------------------------------------	--------------------------------------	--------------------------------------

Current tax

UK corporation tax at 28% (2009 28%)

on profits for the year

Adjustments in respect of prior years

Tax on profits from ordinary activities

-	-
-	-
-	-

(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 28% (2009 28%) The differences are explained below

	Year ended 31 May 2010 £000	Year ended 31 May 2009 £000
Loss on ordinary activities before taxation	(121,300)	(92,562)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	(33,964)	(25,917)
Effects of		
Expenses not deductible for tax purposes	144	346
Fixed asset timing differences	1,288	977
Other timing differences	816	124
Tax losses incurred in the year	31,716	24,470
Current tax charge for the year	-	-

The Group has corporation tax losses available for carry forward of approximately £273 million

(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



NOTES (continued)

8 BASIC AND DILUTED LOSS PER ORDINARY SHARE

The calculation of basic and diluted loss per share is based on a loss of £121,300,000 (2009 £92,562,000) being the loss for the year after taxation and the weighted average number of ordinary shares in issue for the year of 174,169,044 (2009 70,776,109)

9 COMPANY RESULTS

The Company has taken advantage of Section 208 of the Companies Act 2006 and has not presented its own profit and loss account. The result of the Company for the year was a loss of £231,275,000 (2009 profit £42,000)

10 INTANGIBLE FIXED ASSETS

Group

Amounts paid for players' registrations	£000
Cost	
As at 1 June 2009	185,280
Additions	145,444
Disposals	(24,245)
As at 31 May 2010	306,479
Amortisation	
As at 1 June 2009	53,492
Charge for the year	71,006
Disposals	(17,047)
As at 31 May 2010	107,451
Net book value	
As at 31 May 2010	199,028
As at 1 June 2009	131,788

The Company has no intangible fixed assets



NOTES (continued)

II TANGIBLE FIXED ASSETS

Group	Land and Buildings (Freehold) £000	Land and Buildings (Short Leasehold) £000	Land and Buildings (Long Leasehold) £000	Assets under course of const'n £000	Fixtures, Fittings & Equipment £000	Total £000
Cost/valuation						
As at 1 June 2009	4,803	641	163,143	1,240	11,011	180,838
Additions	27,344	788	6,390	-	7,522	42,044
Disposals	(2)	-	(3,916)	-	(889)	(4,807)
Revaluation adjustment	-	-	(1,726)	-	-	(1,726)
Transfer on completion	-	1,240	-	(1,240)	-	-
As at 31 May 2010	32,145	2,669	163,891	-	17,644	216,349
Depreciation						
As at 1 June 2009	1,303	125	318	-	3,788	5,534
Charge for the year	95	53	2,566	-	1,750	4,464
Disposals	-	-	(349)	-	(554)	(903)
As at 31 May 2010	1,398	178	2,535	-	4,984	9,095
Net book value						
As at 31 May 2010	30,747	2,491	161,356	-	12,660	207,254
As at 1 June 2009	3,500	516	162,825	1,240	7,223	175,304

The Company has no tangible fixed assets

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

	2010 £000
At depreciated replacement cost	161,193
Aggregate depreciation thereon	(2,158)
Net book value	159,035
Historical cost of revalued assets	80,832
Aggregate depreciation thereon	(7,052)
Historical cost net book value	73,780



NOTES (continued)

11 TANGIBLE FIXED ASSETS (continued)

Tangible fixed assets are shown at their original cost to the Group with the exception of the City of Manchester Stadium. A full valuation was obtained by the Directors as at 31 May 2009 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.

The revaluation adjustment relates to a difference in the interpretation of the prior year valuation of the City of Manchester Stadium which has been corrected in the current year. This item was not considered so material that it required a prior year restatement.

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 2010 includes £160,104,000 (2009 £161,759,000) in respect of assets on finance lease or hire purchase. Depreciation for the year on these assets was £2,768,000 (2009 £2,563,000).

The cumulative amount of interest capitalised in the total cost of tangible fixed assets amounts to £283,000 (2009 £283,000).

On 5 August 2003 Maine Road was exchanged for a 250 year leasehold interest in the City of Manchester Stadium. Rental payments are made quarterly based on a formula geared towards gate receipts, in excess of those achievable at Maine Road, and event income. 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 a number of assumptions have been made as the obligation varies with ticket prices, number of games and attendance levels in particular. Future attendance figures have been estimated at an average of 42,500 per Premiership fixture. An interest rate of 7.57% and an estimated long term inflation rate of 2.5% have been applied.

The finance lease liability was initially established at £34,903,000. In the year ended 31 May 2005 the assumptions were revised. This resulted in an amended initial finance liability of £39,609,000. The table below illustrates the sensitivity of the amended stadium finance lease creditor to changes in the assumptions on future attendance levels and inflation rates.

Inflation Attendance Levels	Lease Rates %	Obligation £000
35,000	1.0	9,732
35,000	2.0	10,930
35,000	3.0	12,556
45,000	1.0	38,965
45,000	2.0	45,095
45,000	3.0	53,412



NOTES (continued)

12 FIXED ASSET INVESTMENTS

Company	Shares in Group Undertakings £000	Total £000
Cost and Net book value at 31 May 2010	46,486	46,486
Cost and Net book value at 31 May 2009	46,486	46,486

	Country of incorporation	Principle activity	Class and % of shares held
Subsidiary undertakings			
Manchester City Football Club Limited	England and Wales	Professional Football Club	100% ordinary shares
Manchester City Investments Limited	England and Wales	Issuer of Loan Notes	100% * ordinary shares
Manchester City Property Limited	England and Wales	Letting of Own Property	100% * ordinary shares
Manchester City Developments Limited	England and Wales	Property Investment	100% * ordinary shares

* A 100% subsidiary of Manchester City Football Club Limited

13 STOCKS

Group	2010 £000	2009 £000
Goods for resale	481	398

The Company holds no stock



NOTES (continued)

14 DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	47,325	705	-	-
Debtors arising from player transfers	8,427	4,475	-	-
Amount owed by subsidiary undertaking	-	-	247,023	194,413
Amount owed by related party undertaking	384	-	-	-
Other debtors	-	1	-	-
Prepayments and accrued income	4,064	4,778	-	-
	60,200	9,959	247,023	194,413

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Bank loans and overdrafts	-	11,293	-	-
Amounts due to parent undertakings	-	145,336	-	145,336
Amounts due to other shareholders	-	10,726	-	10,726
Other loans	1,759	1,658	50	50
Obligations under finance leases	348	414	-	-
Trade creditors	3,180	6,818	-	-
Creditors arising from player transfers	61,697	56,221	-	-
Other taxation and social security	7,581	5,355	-	-
Accruals	12,755	17,310	-	7,422
	87,320	255,131	50	163,534

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£000	£000	£000	£000
Other loans	34,202	35,879	-	-
Obligations under finance leases	38,969	42,975	-	-
Creditors arising from player transfers	19,107	20,440	-	-
	92,278	99,294	-	-



NOTES (continued)

17 BORROWINGS

	Other Loans £000	Total External Loans 2010 £000	Total External Loans 2009 £000
Within one year	1,759	1,759	12,951
Between one and two years	1,811	1,811	1,677
Between two and five years	5,781	5,781	5,517
After more than five years	26,610	26,610	28,685
	35,961	35,961	48,830

External Loans

External loans include £35,573,000 of loan notes (2009 £36,990,000). The first tranche of £30,300,000 is repayable in annual instalments over a 25 year period at a fixed interest rate of 7.27%. The second tranche of £13,700,000 is repayable in annual instalments over a 15 year period at a floating interest rate for the first three years and thereafter at a fixed interest rate of 7.57%. During the year £766,000 was repaid from the first tranche while another £728,000 was repaid from the second tranche. The notes are being repaid under a securitisation agreement serviced by future season ticket sales and matchday ticket sales. Details of all external loans are provided within note 28.

	Total Related Party Loans 2010 £000	Total Related Party Loans 2009 £000
Within one year	-	156,062
Between one and two years	-	-
Between two and five years	-	-
After more than five years	-	-
	-	156,062

Related Party Loans

The parent company loans as at May 2009 were unsecured and comprised £145,336,000 from Abu Dhabi United Group Investment & Development Limited, a company controlled by Sheikh Mansour, and £10,726,000 owed to Worldwide Investments Limited. Both loans attracted interest at 10%. Unpaid interest relating to these loans totalling £7,422,000 was included within accruals at May 2009.



NOTES (continued)

17 BORROWINGS (continued)

	Total Loans £000	Finance Leases £000	2010 Total £000	2009 Total £000
Within one year	1,759	348	2,107	169,427
Between one and two years	1,811	378	2,189	2,474
Between two and five years	5,781	478	6,259	5,758
After more than five years	26,610	38,113	64,723	70,622
	35,961	39,317	75,278	248,281

Finance Leases

Obligations under finance leases include future obligations under the lease of the City of Manchester Stadium. Details are provided within note 11.

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

	2010 £000	2009 £000
Within one year	2,203	2,712
In the second to fifth years	8,240	10,191
Over five years	121,304	143,199
Less future finance charges	(92,430)	(112,713)
	39,317	43,389



NOTES (continued)

18 DEFERRED INCOME

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Within one year				
Deferred income	27,178	8,062	-	-
Deferred credit for capital grants	53	53	-	-
	27,231	8,115	-	-
After more than one year				
Deferred income	-	-	-	-
Deferred credit for capital grants	1,276	4,440	-	-
	1,276	4,440	-	-
Total deferred income	28,507	12,555	-	-

Deferred credit for capital grants

The movements in deferred credit for capital grants during the year were as follows	£000
As at 1 June 2009	4,493
Grants received in the year	-
Grants released in the year	(3,164)
As at 31 May 2010	1,329

19 CALLED UP SHARE CAPITAL

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

	2010 £000	2009 £000
Issued and called up		
283,354,382 (2009 75,460,085) Ordinary shares of 10p each - fully paid	28,336	7,546
20 Ordinary shares of 10p each - 2 5p paid	-	-
49,998 Redeemable deferred shares of £1 each - 25p paid	12	12
	28,348	7,558

During the year 64,056,603 ordinary shares of 10p each were issued for a consideration of £2.12 per share. The total consideration was £135,800,000 and the premium of £129,394,340 has been included in the share premium account (see note 20). In addition 143,837,694 ordinary shares were issued in consideration of £304.9m of shareholder loans owing to Abu Dhabi United Group Investment & Development Limited.



NOTES (continued)

19 CALLED UP SHARE CAPITAL (continued)

The deferred shares are redeemable by the Company at any time by giving not less than three months notice in writing at £1 or such amount together with all arrears and accruals of any dividend payable up to and including the date of redemption. On a winding up the holders of the redeemable deferred shares would rank behind the ordinary shareholders and would not be entitled to vote at any general meeting of the Company.

Share Options

As part of the arrangements when the Club signed an agreement to take a lease of the City of Manchester Stadium, the Company granted a share purchase option to Manchester City Council. The option is to acquire 5% of the existing share capital of the Company for £5 million in cash in the event that the market value of the Company is equal to or greater than £100 million. This option can be exercised up to 30 July 2009. The option expired during the year and was not exercised.

20 RESERVES

	Share Premium Group and Company £000	Revaluation Reserve Group £000	Profit & Loss Account Group £000	Profit & Loss Account Company £000
As at 1 June 2009	69,744	92,810	(200,996)	63
Retained loss for the year	-	-	(121,300)	(231,275)
Issue of shares	419,946	-	-	-
Capital contribution	-	-	6,633	6,633
Revaluation adjustment	-	(1,726)	-	-
As at 31 May 2010	489,690	91,084	(315,663)	(224,579)

The capital contribution relates to the waiver of interest due to the parent company Abu Dhabi United Group Investment & Development Limited.

21 CONTINGENT LIABILITIES

Additional transfer fees, signing on fees and loyalty bonuses of £43,100,000 (2009 £22,896,000) which 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.



NOTES (continued)

22 RECONCILIATIONS OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
(Loss)/profit for the financial year	(121,300)	(92,562)	(231,275)	42
Revaluation adjustment	(1,726)	(8,157)	-	-
Issue of shares	440,736	45,306	440,736	45,306
Capital contribution	6,633	-	6,633	-
Net increase/(decrease) in shareholders' funds	324,343	(55,413)	216,094	45,348
Opening shareholders' (deficit)/funds	(30,884)	24,529	77,365	32,017
Closing shareholders' funds/(deficit)	293,459	(30,884)	293,459	77,365

23 PENSION

The Group is a member of The Football League Limited Pension and Life Assurance Scheme, a pension scheme providing benefits based on final pensionable pay. Because the Group 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 2010 a Minimum Funding Requirement deficit was identified in the scheme, of which £186,113 (2009 £199,139) was allocated to the Group.

The latest full actuarial valuation was carried out at 31 August 2009 and was updated for FRS 17 purposes by a qualified independent actuary. The contribution for the year was £27,648 (2009 £19,116).

24 COMMITMENTS

The annual commitment for payments in respect of other operating leases

	2010 £000	2009 £000
Expiring		
Within one year	57	57
Within two and five years	164	331
After five years	-	-
	221	388

The capital commitments contracted but not provided for are as follows

	2010 £000	2009 £000
Contracted but not provided for	2,581	3,063



NOTES (continued)

25 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2010 £000	2009 £000
Operating loss	(126,109)	(73,598)
Amortisation of players	71,006	39,403
Depreciation	4,464	3,483
Loss on disposal of fixed assets	137	-
Loan fees waived	(2,428)	-
(Increase)/decrease in stocks	(83)	112
(Increase)/decrease in debtors	(27,173)	6,226
Decrease in creditors	(1,041)	(2,206)
Release and amortisation of grants	(3,164)	(52)
Net cash outflow from operating activities	(84,391)	(26,632)

26 RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	2010 £000	2009 £000
Increase in cash in the year	15,954	9,091
Net cash inflow from increase in debt	(135,655)	(139,896)
Movement in net cash position in the year	(119,701)	(130,805)
Debt capitalised	304,936	39,787
Other non-cash changes	3,722	(1,084)
Opening net debt position	(229,634)	(137,532)
Closing net debt position	(40,677)	(229,634)

Other non-cash changes in the current year reflect unpaid interest on shareholder loans rolled into new loans and the amortisation of loan issue costs

27 ANALYSIS OF CHANGES IN NET DEBT

	As at 1 June 2009 £000	Cash flow £000	Other non-cash changes £000	As at 31 May 2010 £000
Cash at bank and in hand	18,647	15,954	-	34,601
Movement in net cash position in the year	18,647	15,954	-	34,601
Debt due within one year	(169,013)	(137,605)	304,859	(1,759)
Debt due after one year	(35,879)	1,677	-	(34,202)
Net debt (excluding finance leases)	(186,245)	(119,974)	304,859	(1,360)
Finance leases	(43,389)	273	3,799	(39,317)
	(229,634)	(119,701)	308,658	(40,677)



NOTES (continued)

28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group'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 Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate 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 Group has no financial assets, other than short term debtors and an amount of cash at bank. The interest rate risk profile of the Group's financial liabilities as at 31 May 2010 was:

	Total £000	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non- interest financial liabilities £000
As at 31 May 2010	75,278	306	74,890	82
As at 31 May 2009	248,281	453	247,734	94

Debt is initially stated at the amount of the net proceeds after deducting any issue costs which are amortised over the life of the debt.

The weighted average date to maturity of the non-interest financial liabilities is 1 year.

The floating rate financial liabilities comprise other loans of £306,000 repayable over 10 years attracting interest ranging from base minus 2.5% to base minus 4.5% over the term, to a minimum of 0% (this loan is secured on certain assets of the Group).

The fixed rate liabilities comprise loan notes of £35,573,000 and finance lease obligations of £39,317,000 as detailed in note 17.

The maturity profile of the Group's financial liabilities as at 31 May 2010 is shown in note 17.

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



NOTES (continued)

29 RELATED PARTY TRANSACTIONS

Transactions during the year ended 31 May 2010 with the parent undertaking, Abu Dhabi United Group Investment & Development Limited are detailed in notes 17, 19 and 20

Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment & Development Limited commenced trading in the year. The Group met certain liabilities on behalf of this company during the year and a balance of £384,000 is included in debtors due within one year

30 POST BALANCE SHEET EVENTS

Since the year end 25,110,725 shares have been issued for £53.2m in cash to parent company, Abu Dhabi United Group Investment & Development Limited on 30 June 2010

Additionally, the football registrations of Jerome Boateng (from Hamburg S V), David Silva (from Valencia), Yaya Toure (from Barcelona FC), Aleksander Kolarov (from S S Lazio), Mario Balotelli (from Inter Milan) and James Milner (from Aston Villa FC) have been acquired. The registrations of Valeri Bojinov (to Parma FC), Stephen Ireland (to Aston Villa FC), Javier Garrido (to S S Lazio), Robinho (to AC Milan), Robert Mak (to FC Nuremburg) and Adam Clayton (to Leeds United FC) were sold. The net expenditure on these transactions was approximately £96.6m

31 ULTIMATE PARENT UNDERTAKING

As at 31 May 2010 the Group's parent undertaking was Abu Dhabi United Group Investment & Development Limited, a company registered in the Jebel Ali Freezone. The Group's ultimate parent undertaking was Abu Dhabi United Group Investment & Development, a company registered in Abu Dhabi and wholly owned by Sheikh Mansour