

Manchester City Limited

Directors' Report and Financial Statements

For the year ended 31 May 2015

Registered number 2989498

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Manchester City Limited

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Manchester City 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

City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ

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 Limited

Directors and Advisors (continued)

The Board of Directors comprises:

Khaldoon Al Mubarak (Chairman)

Khaldoon Al Mubarak was appointed to the Board on 23 September 2008. He is Chairman of the Abu Dhabi Executive Affairs Authority, which provides strategic policy advice to the Chairman of the Abu Dhabi Executive Council, of which he is also a member. He is Chairman of the Emirates Nuclear Energy Corporation, the Abu Dhabi Media Zone Authority and Emirates Aluminium (EMAL). He is also Deputy Chairman of the Urban Planning Council and a board member of First Gulf Bank and Ferrari SpA.

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 September 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. He is also a Director of Aldar Properties, Ashford Hospitality Trust and Capital Trust.

Simon Pearce (Non-Executive Director)

Simon Pearce was appointed to the Board on 23 September 2008. He is a Special Advisor to the Chairman of the Executive Affairs Authority of Abu Dhabi. He is also a Director of twofour 54, an initiative to accelerate the development of the media sector in the UAE and MENA region, and ADMM, the owners and operators of Yas Marina Circuit.

Mohamed Al Mazrouei (Non-Executive Director)

Mohamed 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 non-Executive Director for Etihad Airways.

John MacBeath (Non-Executive Director)

John MacBeath is a Chartered Accountant with extensive international business experience in the oil & gas and aerospace industrial sectors. He joined the Board in January 2010 and was appointed Interim Chief Executive Officer between September 2011 and September 2012.

Alberto Galassi (Non-Executive Director)

Alberto Galassi was appointed to the Board on 24 June 2012. He is currently CEO of Piaggio Aero Industries and previously served on the Executive Committee of Piaggio Aero as Board Member responsible for Marketing and Sales. He is attorney at law specialising in International commerce and arbitration and has been a member of the Bar since 1996.

Manchester City Limited

Strategic Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 May 2015.

Principal activities

The principal activity 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 for Development and Investment 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 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 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.

By order of the Board


J MacBeath
Director
28 August 2015

Manchester City Limited

Directors' Report

Directors

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: £22,929,000*). The Directors do not propose a dividend (*2014: £nil*).

Political and charitable contributions

The Group 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 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 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 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.

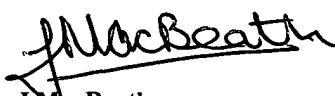
Website publication

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.

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 Limited

Independent Auditors' Report to the Members of Manchester City Limited

We have audited the financial statements of Manchester City Limited for the year ended 31 May 2015 which comprise the consolidated profit and loss account, consolidated statement of total recognised gains and losses, consolidated note of historical cost profits and losses, the consolidated and company balance sheets, the consolidated cash flow statement 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.

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 parent Company's affairs as at 31 May 2015 and of the Group's 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.

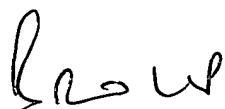
Manchester City Limited

Independent Auditors' Report to the Members of Manchester City 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 parent 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*

1 September 2015

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

Manchester City Limited

Consolidated 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)
Operating profit/(loss)		72,244	(70,291)	1,953	(17,873)
Profit on disposal of players		-	13,832	13,832	197
Profit/(loss) before interest and taxation		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)
Profit/(loss) on ordinary activities before taxation		66,828	(56,459)	10,369	(22,929)
Taxation	8	380	-	380	-
Profit/(loss) on ordinary activities after taxation	19	67,208	(56,459)	10,749	(22,929)

The results for both periods are from continuing operations.

The notes on pages 14 to 27 form part of these financial statements.

Manchester City Limited

Consolidated 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	19	8,869	-
Total recognised profit/(loss) for the year		19,618	(22,929)

Consolidated Note of Historical Cost Profits and Losses

for the year ended 31 May 2015

	Year ended 31 May 2015 £000	Year ended 31 May 2014 £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
Historical cost profit/(loss) on ordinary activities before and after taxation	11,869	(21,809)

The notes on pages 14 to 27 form part of these financial statements.

Manchester City Limited

Balance Sheets

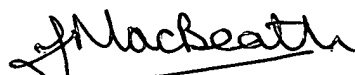
as at 31 May 2015

Registered number: 2989498

	Note	Group		Company	
		2015 £000	2014 £000	2015 £000	2014 £000
Fixed assets					
Intangible assets	10	194,155	207,264	-	-
Tangible assets	11	406,698	346,310	-	-
Investments	12	-	-	676,251	572,333
		600,853	553,574	676,251	572,333
Current assets					
Debtors - amounts falling due within one year	13	174,422	176,956	-	-
Debtors - amounts falling due after more than one year	13	25,773	22,873	-	-
Cash at bank and in hand		74,752	21,401	-	-
		274,947	221,230	-	-
Creditors – due within one year	14	(97,959)	(116,984)	-	-
Deferred income – due within one year	17	(25,172)	(14,504)	-	-
Net current assets		151,816	89,742	-	-
Total assets less current liabilities		752,669	643,316	676,251	572,333
Creditors - due after more than one year	15	(75,390)	(69,910)	-	-
Deferred income – due after more than one year	17	(1,028)	(1,073)	-	-
Net assets		676,251	572,333	676,251	572,333
Capital and reserves					
Called up share capital	18	65,115	61,139	65,115	61,139
Share premium account	19	1,232,393	1,152,069	1,232,393	1,152,069
Revaluation reserve	19	53,555	44,686	-	-
Profit and loss account	19	(674,812)	(685,561)	(621,257)	(640,875)
Shareholders' funds	21	676,251	572,333	676,251	572,333

The notes on pages 14 to 27 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 Limited

Consolidated Cash Flow Statement

for the year ended 31 May 2015

	Note	Year ended 31 May 2015 £000	Year ended 31 May 2014 £000
Net cash inflow from operating activities	24	102,892	27,427
Return on investments and servicing of finance			
Interest paid		(652)	(162)
Interest element of finance lease payments		(4,437)	(4,554)
Interest received		30	52
Net cash outflow from return on investments and servicing of finance		(5,059)	(4,664)
Capital expenditure			
Purchase of intangible fixed assets		(84,878)	(116,105)
Sale of intangible fixed assets		18,735	34,584
Purchase of tangible fixed assets		(62,324)	(93,587)
Net cash outflow from capital expenditure		(128,467)	(175,108)
Net cash outflow before financing		(30,634)	(152,345)
Financing			
Issue of shares		84,300	160,000
Loan capital repaid		-	-
Capital element of finance lease rental payments		(315)	(299)
Net cash inflow from financing		83,985	159,701
Movement in cash in the year	26	53,351	7,356

The notes on pages 14 to 27 form part of these financial statements.

Manchester City Limited

Notes to the Consolidated 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 Group'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 and are in accordance with applicable accounting standards.

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 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Manchester City Limited ('the Group') and its subsidiary undertakings up to 31 May 2015. The acquisition method of accounting has been adopted.

Related party transactions

As the Company is 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 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.

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.

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.

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.

Manchester City Limited

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

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

Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Provisions in the Company are made to ensure the net assets of the Company do not exceed that of the Group.

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 2015 as in the Group'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 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.

Manchester City Limited

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Pensions

The Club 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.

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
	351,766	346,512

All turnover originates in the United Kingdom. The Group 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
Other operating income		
Other operating income	800	1,775
	800	1,775
Operating expenses		
Direct cost of sales and consumables	6,406	8,988
Remuneration of auditors and its associates:		
Audit fees	46	44
Tax Services	11	38
Other services	62	7
Hire of other assets – operating leases	118	168
Capital grants released and amortised	(170)	(116)
Other external charges	69,223	58,630
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
	350,613	366,160
Operating profit/(loss)		
Operating profit before player trading	72,244	58,611
Amortisation of player registrations	(70,291)	(76,484)
	1,953	(17,873)

Manchester City Limited

Notes to the Consolidated 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 Limited

Notes to the Consolidated 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
	1,279	960

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	(380)	-

(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
Profit/(loss) on ordinary activities before taxation	10,369	(22,929)
Profit/(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	(380)	-

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

Manchester City 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 Company results

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Company profit for the year includes a profit after tax of £19,618,000 (2014: £22,929,000 loss) which is dealt with in the financial statements of the parent company.

10 Intangible fixed assets

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

Manchester City Limited

Notes to the Consolidated Financial Statements *(continued)*

11 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 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
As at 31 May 2015	190,001	2,288	150,107	46,294	43,849	432,539
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)
As at 31 May 2015	3,203	711	5,657	-	16,270	25,841
Net book value						
As at 31 May 2015	186,798	1,577	144,450	46,294	27,579	406,698
As at 1 June 2014	58,058	1,651	137,696	126,490	22,415	346,310

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

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

Tangible fixed assets are shown at their original cost to the Group 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.

Manchester City Limited

Notes to the Consolidated Financial Statements *(continued)*

11 Tangible fixed assets *(continued)*

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.

12 Fixed asset investments

Company	Shares in Subsidiary Undertakings £000
Cost	
As at 1 June 2014	1,219,190
Additions	84,300
As at 31 May 2015	1,303,490
Provision	
As at 1 June 2014	646,857
Additions	-
Reversal of impairment	(19,618)
As at 31 May 2015	627,239
Net book value	
As at 31 May 2015	676,251
As at 1 June 2014	572,333

Subsidiary undertakings	Principle activities	Proportion of voting rights and share capital held
Manchester City Football Club Limited	Professional Football Club	100%
Manchester City Investments Limited *	Issuer of Loan Notes	100%

All companies are incorporated in England and Wales.

* denotes indirect investments.

Manchester City Limited

Notes to the Consolidated Financial Statements *(continued)*

12 Fixed asset investments *(continued)*

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.

13 Debtors

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	32,584	82,615	-	-
Debtors arising from player transfers	41,976	11,248	-	-
Amounts owed by group undertakings (Note 28)	39,810	34,930	-	-
Amounts owed by related party undertakings (Note 28)	-	623	-	-
Other debtors	21	78	-	-
Prepayments and accrued income	60,031	47,462	-	-
	174,422	176,956	-	-
Amounts falling due after more than one year				
Trade debtors	5,625	11,250	-	-
Debtors arising from player transfers	19,618	10,309	-	-
Other debtors	530	1,314	-	-
	25,773	22,873	-	-
Total debtors	200,195	199,829	-	-

14 Creditors: due within one year

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Obligations under finance leases (Note 16)	331	315	-	-
Trade creditors	2,801	4,040	-	-
Creditors arising from player transfers	19,871	9,484	-	-
Amounts owed to group undertakings	101	2,084	-	-
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	-	-
	97,959	116,984	-	-

15 Creditors: due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Obligations under finance leases (Note 16)	66,669	67,000	-	-
Creditors arising from player transfers	8,721	2,910	-	-
	75,390	69,910	-	-

Manchester City Limited

Notes to the Consolidated Financial Statements *(continued)*

16 Borrowings

Group

	Finance Leases £000	2015 Total £000	2014 Total £000
Maturity of debt:			
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
	67,000	67,000	67,315

Finance Leases

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

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

	2015 £000	2014 £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)
	67,000	67,315

17 Deferred income

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

Deferred credit for capital grants

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

Manchester City Limited

Notes to the Consolidated Financial Statements *(continued)*

18 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		
651,028,873 (2014: 611,264,723) Ordinary shares of 10p each – fully paid	65,103	61,127
20 (2014: 20) Ordinary shares of 10p each – 2.5p paid	-	-
49,998 (2014: 49,998) Redeemable deferred shares of £1 each – 25p paid	12	12
	65,115	61,139

During the year 39,764,150 ordinary shares of 10p each were issued for a consideration of £2.12 per share. The total consideration was £84.3m and the premium of £80.3m has been included in the share premium account (see note 19).

19 Reserves

	Share Premium Group and Company £000	Revaluation Reserve Group £000	Profit & Loss Account Group £000	Profit & Loss Account Company £000
At 1 June 2014	1,152,069	44,686	(685,561)	(640,875)
Retained profit for the year	-	-	10,749	19,618
Issue of shares	80,324	-	-	-
Revaluation in the year	-	8,869	-	-
At 31 May 2015	1,232,393	53,555	(674,812)	(621,257)

20 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.

21 Reconciliations of movement in shareholders' funds

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Profit/(loss) for the financial year	10,749	(22,929)	19,618	(22,929)
Revaluation adjustment	8,869	-	-	-
Issue of shares	84,300	160,000	84,300	160,000
Net increase in shareholders' funds	103,918	137,071	103,918	137,071
Opening shareholders' funds	572,333	435,262	572,333	435,262
Total closing shareholders' funds	676,251	572,333	676,251	572,333

Manchester City Limited

Notes to the Consolidated Financial Statements *(continued)*

22 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.

A 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).

23 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 construction of the City Football Academy and the expansion of the Etihad Stadium.

24 Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2015 £000	2014 £000
Operating profit/(loss)	1,953	(17,873)
Amortisation and impairment of players' registrations	70,291	76,484
Depreciation	9,086	7,283
Loss on sale of fixed assets	1,719	-
Decrease/(increase) in debtors	35,929	(29,985)
Decrease in creditors	(16,041)	(8,429)
Release and amortisation of grants	(45)	(53)
Net cash inflow from operating activities	102,892	27,427

25 Reconciliation of net cash flow to movement in net cash/(debt)

	2015 £000	2014 £000
Increase in cash in the year	53,351	7,356
Net cash inflow from movement in debt	315	299
Movement in net debt resulting from cash flows	53,666	7,655
Other non-cash changes	-	-
Opening net debt position	(45,914)	(53,569)
Closing net cash/(debt) position	7,752	(45,914)

Manchester City Limited

Notes to the Consolidated Financial Statements *(continued)*

26 Analysis of changes in net cash/(debt)

	As at 1 June 2014 £000	Cash flow £000	As at 31 May 2015 £000
Cash at bank and in hand	21,401	53,351	74,752
Movement in net cash position in the year	21,401	53,351	74,752
Debt due within one year	-	-	-
Debt due after one year	-	-	-
Net cash (excluding finance leases)	21,401	53,351	74,752
Finance leases	(67,315)	315	(67,000)
	(45,914)	53,666	7,752

27 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 Company'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 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 £000	Floating rate financial liabilities £000	Fixed rate Financial Liabilities £000	Non- Interest Financial Liabilities £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 16.

The maturity profile of the Company's financial liabilities as at 31 May 2015 is shown in note 16.

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

Manchester City Limited

Notes to the Consolidated Financial Statements *(continued)*

28 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.

29 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.

30 Ultimate parent company

As at the 31 May 2015 the Group's parent undertaking was City Football Group Limited, a company incorporated in England and Wales. The Group'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.