

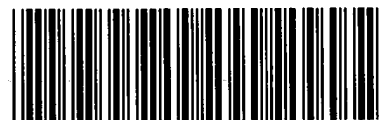
# **Manchester City Limited**

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

**For the year ended 30 June 2020**

Registered number 02989498

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# Manchester City Limited

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# **Manchester City Limited**

## **Directors and Advisors**

### **Directors**

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

### **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

# **Manchester City Limited**

## **Strategic Report**

The Directors present their annual report, together with the financial statements and Auditors' report, for the year ended 30 June 2020.

### **Principal activities**

The principal activity is the operation of a holding company.

### **Business review**

The Company's activity includes the impairment and reversal of impairment of Manchester City Football Club Limited.

### **Risks and uncertainties**

The key risk facing the Company is the reliance on the parent company to provide financial support in order for it to operate.

The Board and management continue to monitor the COVID-19 situation. They are confident that the Club has robust plans in place to ensure its financial security and future success. More consideration on the impact of COVID-19 is outlined in note 2.

### **Section 172 (1) statement**

From the perspective of the Board, as a result of the Group governance structure, whereby the Manchester City Limited Board is embedded within the Group Board, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the Group Board in relation both to the Group and to the Company. The Board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance, and position of the Company, an explanation of how the Group Board has considered the matters set out in s172, for the Group and for the Company, is set out in the Group's annual report, which does not form part of this report.

# Manchester City Limited

## Directors' Report

The Directors present their annual report, together with the financial statements and Auditors' report, for the year ended 30 June 2020.

### Directors

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

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

### Result for the year

The loss for the financial year was £126,014,000 (2019: £10,079,000 profit). The Directors do not propose a dividend (2019: £nil).

### Political and charitable contributions

The Company made no political or charitable contributions during the year (2019: £nil).

### Stakeholder statements

#### Employees

From the perspective of the Board, as a result of the Group governance structure, the Group Board has taken the lead in carrying out the duties of a Board in respect of the Company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the Company during the financial year). The Board of the Company has also considered relevant matters where appropriate. An explanation of how the Group Board has carried out these responsibilities, for the Group and for the Company, is set out in the Group's annual report, which does not form part of this report.

#### Other stakeholders

Similarly, from the perspective of the Board, as a result of the Group governance structure, the Group board has taken the lead in carrying out the duties of a Board in respect of the Company's other stakeholders. The Board of the Company has also considered relevant matters where appropriate. An explanation of how the Directors on the Group Board have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, is set out, for the Group and for the Company, in the Group's annual report, which does not form part of this report.

### Streamlined Energy and Carbon Reporting

The Company is exempt from the requirement to include Streamlined Energy and Carbon Reporting ('SECR') data due to this information being included in the Group report of the parent, City Football Group Limited. The Group report is prepared for the same financial year end as the Company and complies with the SECR disclosure requirements set out in Part 7A of Schedule 7 without relying on a "seriously prejudicial" exemption.

By order of the Board

DocuSigned by:

*John MacBeath*

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**J MacBeath**

Director

19 March 2021

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

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

By order of the Board

DocuSigned by:  
  
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**J MacBeath**  
Director  
19 March 2021

# **Manchester City Limited**

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

### **Opinion**

We have audited the financial statements of Manchester City Limited ("the Company") for the year ended 30 June 2020 which comprise the Profit and Loss account, the Balance Sheet and the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Manchester City Limited**

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

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or



# Manchester City Limited

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

(continued)

### Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.


### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.



*Stuart Wood (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Manchester, UK*

*Date: 19 March 2021*

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

# Manchester City Limited

## Profit and Loss Account

for the year ended 30 June 2020

	Note	2020 £000	2019 £000
(Impairment)/ reversal of impairment in subsidiary undertakings	4	(126,014)	10,079
<b>(Loss)/Profit on ordinary activities before taxation</b>		<b>(126,014)</b>	<b>10,079</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>
<b>(Loss)/Profit on ordinary activities after taxation</b>		<b>(126,014)</b>	<b>10,079</b>

The Company had no recognised gains or losses in the period other than those dealt with in the profit and loss account above, therefore no separate statement of other comprehensive income and expenditure has been presented.

The notes on pages 12 to 15 form part of these financial statements.

# Manchester City Limited

## Balance Sheet

Registered number: 02989498

As at 30 June 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Investments	4	630,711	756,725
<b>Net assets</b>		<b>630,711</b>	<b>756,725</b>
<b>Capital and reserves</b>			
Called up share capital	5	123,115	123,115
Share Premium account		1,232,393	1,232,393
Profit and loss account		(724,797)	(598,783)
<b>Shareholders' funds</b>		<b>630,711</b>	<b>756,725</b>

The notes on pages 12 to 15 form part of these financial statements.

These financial statements were approved by the Board of Directors on 19 March 2021 and were signed on its behalf by:

DocuSigned by:

*John MacBeath*

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**J MacBeath**

Director

# Manchester City Limited

## Statement of Changes in Equity

	Share capital £000	Share Premium £000	Profit and loss account £000	Total £000
As at 1 July 2018	123,115	1,232,393	(608,862)	746,646
Reversal of impairment	-	-	10,079	10,079
As at 30 June 2019	123,115	1,232,393	(598,783)	756,725
Impairment	-	-	(126,014)	(126,014)
<b>As at 30 June 2020</b>	<b>123,115</b>	<b>1,232,393</b>	<b>(724,797)</b>	<b>630,711</b>

The notes on pages 12 to 15 form part of these financial statements.

# Manchester City Limited

## Notes to the Financial Statements

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Manchester City Limited (the 'Company') for the year ended 30 June 2020 were authorised for issue by the Board of Directors and the balance sheet was signed on the Board's behalf by J MacBeath on 19 March 2021. Manchester City Limited is a private company limited by share capital incorporated and domiciled in England and Wales under the Companies Act 2006. The registered office is City Football HQ, 400 Ashton New Road, Manchester M11 4TQ. The principal activities of the Company are discussed in the Directors' report.

These financial statements were prepared in accordance with Financial Reporting Standard ('FRS') 101 under the historical cost convention and are presented in pounds sterling and all values are rounded to the nearest thousand except when otherwise stated.

### 2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented.

#### Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 issued by the FRC. The Company financial statements have therefore been prepared in accordance with FRS 101 and with those parts of the Companies Act 2006 applicable to Companies reporting under FRS 101.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirement of IFRS 7 Financial instruments: disclosures.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- The requirements of IAS 7 Statement of cash flows.
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors.
- The requirements of paragraph 17 and 18A of IAS 24 Related party disclosures.
- The requirement in paragraph 38 of IAS 1 Presentation of financial statements to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, plant and equipment and (iii) paragraph 118(e) of IAS 38 Intangible assets.
- The requirements in IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 130(fii), 130(fiii), 134(d)-(f) and 135(c)-(e) of IAS 36 Impairment of assets.

# Manchester City Limited

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

### 2. Significant accounting policies *(continued)*

#### Going Concern

The Board of Directors have prepared a detailed cash flow forecast for the period to March 2022 which shows that the Company is able to operate and meet its liabilities as they fall due for payment for at least 12 months from the date of approval of these financial statements utilising its existing working capital facilities. The impact of COVID-19 on key matchday, broadcasting, and commercial revenue streams was considered in detail when producing these cash flow forecasts. The forecasting was prepared for City Football Group ('the Group'), of which the Company forms a significant part. COVID-19 presents a unique and constantly changing challenge. Therefore, multiple scenarios have been considered, and stress-tested, including fixtures remaining behind closed doors for the entirety of the 2020/21 season and restrictions on future revenue generating events.

Prior to COVID-19, the Group secured a revolving credit facility ('RCF') which contained several trading covenants. When combined with a legally binding letter of financial support from Abu Dhabi United Group Investments and Development Ltd ('ADUG'), the Group's ultimate parent undertaking, the Directors are confident that the Group, and therefore the Company, has sufficient access to funding and believe that it is appropriate to prepare the financial statements on a going concern basis.

#### New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 July 2019 and adopted by the Company

- IFRS 16 Leases

The implementation of IFRS 16 does not have a material impact on the Company's financial statements as at 1 July 2019. There are no leases held by Manchester City Limited.

#### New and amended standards and interpretations adopted early

No standards have been adopted early by the Company.

#### New and amended standards and interpretations issued but not yet effective

- Amendments to IAS 16 Property, Plant and Equipment (mandatory from financial year beginning 1 July 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (mandatory from financial year beginning 1 July 2022)
- Annual Improvements to IFRS 1 First time adoption of IFRS (mandatory from financial year beginning 1 July 2022)
- Annual Improvements to IFRS 9 Financial Instruments (mandatory from financial year beginning 1 July 2022)

#### Foreign currency translation

The Company's financial statements are presented in pound sterling, which is also the Company's functional currency, which is the currency of the primary economic environment in which the entity operates.

# Manchester City Limited

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

### 2. Significant accounting policies *(continued)*

#### Transactions and balances

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 reporting date. All differences are taken to the profit and loss account with the exception of all monetary items that form part of a net investment in a foreign operation. These are recorded in other comprehensive income until the disposal of the net investment, at which time they are reclassified to the profit and loss account. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### Investments

The Company assesses each of its investments to assess whether control or significant influence exists. When the Company assesses that it has control of an investment, the investment is treated as a subsidiary whose financial results are consolidated into the Company's financial statements. If control or joint control does not exist, the Company assesses the investment for significant influence. When significant influence does not exist, the investment is treated as a financial investment by the Company.

Other investments held are stated at cost less any provision for impairment.

### 3. Operating profit

Auditors' fees are borne by City Football Group Limited, its immediate parent company.

# Manchester City Limited

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

### 4. Fixed Asset Investments

	Shares in Group Undertakings £000
Cost	
As at 1 July 2019	1,361,490
<b>As at 30 June 2020</b>	<b>1,361,490</b>
Provision	
As at 1 July 2019	604,765
Impairment	126,014
<b>As at 30 June 2020</b>	<b>730,779</b>
Net book value	
<b>As at 30 June 2020</b>	<b>630,711</b>
As at 1 July 2019	756,725

The impairment is due to the subsidiary making a loss in the year.

Subsidiary undertakings	Principal activities	Country of incorporation and operation	Proportion of voting rights and share capital held	Registered address
Manchester City Football Club Limited	Professional football club	England	100%	Etihad Stadium, Etihad Campus, Manchester, M11 3FF

### 5. Called up share capital

	2020 £000	2019 £000
Issued and called up		
Equity: 1,231,028,873 (2019: 1,231,028,873) Ordinary shares of 10p each - fully paid	123,103	123,103
20 Ordinary shares of 10p each - 2.5p paid	-	-
Non-equity: 49,998 Redeemable deferred shares of £1 each - 25p paid	12	12
	<b>123,115</b>	<b>123,115</b>

### 6. Ultimate parent company

As at 30 June 2020 the Company's ultimate parent undertaking was Abu Dhabi United Group Investment and Development Ltd, a company registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan.

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