

Leicester City Football Club Limited
Annual report and financial statements
for the year ended 31 May 2013
Registered number: 04593477

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Leicester City Football Club Limited

Annual report and financial statements for the year ended 31 May 2013

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Leicester City Football Club Limited

Directors and advisors

Registered office

King Power Stadium
Filbert Way
Leicester
LE2 7FL

Directors

Vichai Srivaddhanaprabha
Aiyawatt Srivaddhanaprabha
Shilai Liu
Supornthip Choungsangsee
Susan Valerie Whelan

Bankers

Barclays Bank plc
15 Colmore Row
Birmingham
B3 2WN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2013

The directors present their directors' report and the audited financial statements for the year ended 31 May 2013.

Principal activities

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

Results

Although the underlying income of the Club has remained stable the Club's reported turnover decreased by £1.8m to £19.6m from £21.4m in 2012. This decrease arose partly from the reduction in the central TV distribution from the Football League of £0.6m due to the reduced central TV deal negotiated by the Football League with Sky, and also a reduction of £1.3m in the Club's revenue from Cup competitions to £0.5m from £1.8m in 2012. This was offset by the £0.7m income generated from the Club reaching the play-off semi-finals. In addition nearly £0.8m turnover was generated in the prior year from a friendly game before the start of the season with Real Madrid.

The Club continued to make significant investments into the playing squad during the 2012/13 season to build a promotion standard squad. However the Club also started to introduce strengthened cost controls after the implementation of Financial Fair Play ("FFP") rules in the Championship by the Football League, which are reflected in the decreased total staff costs of £26.1m falling from £27.7m in 2012.

Operating expenditure (excluding staff costs) increased by £2.3m to £21.0m (2012: £18.7m) primarily due to the £5.2m impairment of player values reflecting the impact of the implementation of FFP. This was partially offset by reductions in the cost of sales of the 2011/12 FA Cup run and friendly matches.

Interest charges for the year increased to £7.2m (2012: £5.3m) in line with the increased shareholder funding received during the year.

In the year to 31 May 2013, player trading achieved profits of £0.8m (2012: £0.6m).

After taxation, the results for the year show a loss of £34.0m (2012: loss of £29.7m).

During the 2012/13 season the ultimate owners of the Club, the Srivaddhanaprabha family through their holding company King Power International, invested £23.8m to support the Club in several ways, as well as acquiring the freehold interest in the stadium through another family owned company during the year.

- Funding the continued investment in the first team in the form of transfer fees, salaries and player loan costs to challenge for promotion, and
- Continued investment into the Stadium fixtures and fittings, systems at the Stadium and training ground facilities to improve the experience of the fans on a match day and provide an appropriate facility for the aspirations of the Club.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2013 (continued)

Results (continued)

On 13 September 2012 the ownership of 100% of the issued ordinary and 'A' share capital of the Club was transferred from Asia Football Investments Pte Limited to King Power International Limited ("KPI"). KPI is one of the main holding companies in the King Power Group and the transfer of ownership is indicative of the Club's position at the heart of the King Power operation

The continued investments into the training ground and the stadium are long term capital improvements in fixtures and fittings which the Club will benefit from for many years and, whilst the Club again ultimately fell short of its goal of reaching the Premier League, the 2012/13 season built further on the existing foundations developing a team strong enough to challenge for future promotion

Although the Club continues to invest prudently in the playing squad, plans have been put in place to reduce the playing salary budget to comply with the new FFP rules. These rules came into play from the 2011/12 season but sanctions will only apply for Clubs who exceed the permitted loss in the 2013/14 season.

The Company had a net cash inflow for the year of £0.5m (2012: inflow of £0.1m) comprising a net cash outflow from operating activities of £13.5m (2012: outflow of £18.5m) and a net investment in tangible and intangible assets of £7.7m (2012: net investment of £15.5m) financed by an increase in borrowings of £21.8m (2012: increase of £34.0m) primarily through a further injection of shareholder loans. No dividend has been paid in the year (2012: £nil)

The Board yet again would like to thank our outstanding supporters for continuing to back the Club during the continuing ups and downs of the 2012/13 season. Our average attendances in the Championship of 22,569 (2012: 23,036) were the 6th highest in the league and given our inconsistent on pitch performance show how dedicated our fans are in following their club

It was most disappointing that the fantastic positives of the season, including the last minute winning goal against Nottingham Forest in the last game of the season away at the City Ground to qualify for the play-offs, did not lead to the promotion of the Club to the Premier League. However it is hoped that the strong start to the current season will be reflected in success in May 2014.

Key performance indicators

	2013	2012
Average league attendance	22,569	23,036
Cash balance at year end (£'000)	874	329
Staff costs (per note 5)/turnover and expressed as a percentage	133.5%	129.8%
Operating loss excluding player amortisation, impairments, and player trading (£'000)	(16,451)	(18,176)

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2013 (continued)

Asset values

At the year end there were 20 (2012: 35) players for which the cost of their player registration has been capitalised and that were still being amortised over the period of the respective player's contract. The combined net book value of these players is £6.2m as at 31 May 2013 (2012: £15.8m). This carrying value is after recognising an impairment of £5.2m (2012: £nil). The directors' assessment of the market value of the playing squad at 31 May 2013, which includes those players where the market value exceeds their carrying values, is £13.7m (2012: £20.7m). The directors believe that a significant contributor to this reduction in value is the effect of Financial Fair Play on the market for both football clubs and football players as the market value of players outside the Premier League has been significantly reduced by the inability of Club's owners to invest in their players and accordingly both salaries and transfer fees have been reduced significantly.

The King Power stadium and other land and buildings are currently carried at £40.2m (2012: £41.1m), which reflects the current depreciated replacement value of the stadium based on a valuation by DTZ on 31 May 2009 and as updated to 31 May 2012 based on an interim valuation by DTZ. Based on the advice received, and their own assessment of the potential market value of the stadium and other land and buildings, the directors are satisfied that the carrying values are not materially different to the current market values.

Future outlook

Having reached the play-offs and falling so painfully short of promotion the Club considers its squad strong enough to continue to challenge for promotion. Financial Fair Play has also constrained the ability of the Club to sign further players. During the summer 2013 transfer window the Club has prudently strengthened its squad by bringing in experienced professionals on free transfers to add experience to the young squad. The primary aim of the Club remains to challenge for a top 6 position in the Championship in the current season with the ultimate objective of promotion to the Premier League. In the interim period before the Club is promoted extensive efforts are being made to increase income across all areas of the business. The impact of the FFP rules noted above also mean the Club is seeking to reduce its playing cost base and targeted disposals have been made to reduce the playing budget. Further disposals may have been made if the market for players had not been so weak due to the advent of FFP.

This was also the first year that the Club's academy operated under the Premier League Elite Player Performance Plan (EPPP) a new system for the management, funding and categorisation of elite youth development in England. The Club made a decision to initially be categorised as CAT2 for the 2012/13 season, although for the 2013/14 season the Club has successfully demonstrated that it qualifies to be categorised as CAT1. The directors believe the development of home grown talent to be fundamental to the long term success of the Club and for this reason have made the decision to invest substantial additional funds into youth development. The directors would like to thank all of the academy management and staff who worked tirelessly to become one of only six Clubs outside the Premier League with a CAT1 academy.

The Club is currently in the top six in the Championship which places the Club in a strong position for promotion to the Premier League. The Club's revenues are forecast to continue

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2013 (continued)

Future outlook (continued)

to grow as new sponsorship deals are obtained and additional sources of income are created, which will contribute positively to the Club's revenues in the future

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate processes are in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse impact on the Company.

These areas include football, FFP, employee, business and finance related risks.

Football

The Company continually faces the risk of underperforming against crowd expectations which has a significant impact on revenue streams and cash generation. The directors understand this risk and therefore make prudent budget assumptions with regards to League position and cup success. The directors also monitor the performance of both management and players and have a proven record of making changes where required.

Financial Fair Play

The introduction of FFP introduces a number of potential sanctions for any Championship football club that fails to stay within the defined limits as part of their FFP results. These sanctions will be introduced during the 2014/15 season, relating to the financial results of the 2013/14 season. The Company will monitor progress against these FFP limits and the directors have had regard to them when preparing and reviewing future budgets and forecasts.

Employees

The Company's performance depends largely on its manager and staff. The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the Company's results. To mitigate these issues the Company is constantly analysing its market place and has employee performance reviews in place that are designed to retain key individuals.

Business environment

The Company operates in a challenging business environment/industry sector where revenue streams can be significantly dependent upon on-pitch performance and where costs can be unrelated to income generated. To mitigate this risk the Club has a strategy of performance related pay for key personnel, whereby salary costs will fluctuate in line with income generated and on-pitch performance. The directors also review the level of fixed costs incurred, with a view to restricting unnecessary expense and matching costs to income streams.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2013 (continued)

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, interest rate risk and credit risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of risk

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

Liquidity and interest rate risk

The Company manages its liquidity risk on a daily basis through cash monitoring and cash flow forecasting to ensure that it has sufficient resources to meet its obligations. The ultimate controlling party has confirmed that finance will be available to fund future trading and support the football strategy to achieve promotion back to the Premier League.

In order to ensure stability of cash flows and manage interest rate risk, the Company has a policy of maintaining the majority of its long term debt at fixed rates. The Company does not use other derivative financial instruments to manage interest rate costs

Further detail for the amounts owed to the parent company and companies under common control, which are the principal sources of funding, can be found in note 12

Credit risk

The Company manages credit risk with respective counterparties as follows.

- Football clubs: the Premier League and Football League rules require football creditors to be paid in full in any insolvency event
- Corporate partners are reviewed for their credit worthiness using commercially available credit rating facilities and, where necessary, services are only provided after payment has been received
- Personal credit is only given in controlled circumstances with direct debit systems, and compliance with agreed payments rigorously monitored

Going concern

Whilst the Company has been working hard to increase revenues, given the current level of investment in both fixed assets and the playing squad the Company relies and continues to rely on funding from the ultimate controlling party. This party has pledged its continued financial support for the foreseeable future and has converted all its existing debt into equity. Further details are set out in note 1 to the financial statements

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2013 (continued)

Directors

The directors of the Company during the year and subsequently, together with details of appointments and resignations, were as follows:

V Srivaddhanaprabha (Chairman)	
A Srivaddhanaprabha (Vice Chairman)	
S Liu (Vice Chairman)	(appointed 26 October 2012)
S Choungrangsee	
SV Whelan	
M Stewart-Smith	(resigned 22 February 2013)

His Majesty King Bhumibol of Thailand graciously bestowed the family name 'Srivaddhanaprabha' on Vichai Srivaddhanaprabha and Aiyawatt Srivaddhanaprabha (formerly Raksriaksorn) in late 2012

Charitable donations

The Club chose a group of charities to support for the 2012/2013 season via its own charity, the LCFC Foxes Foundation. The Club provided direct financial support of £3,000 to this charity and provided an executive box free of charge to each of the charities chosen with a total sales value of £10,000. These charities included the LCFC Defibrillator Appeal which, after the well-publicised issues in football in relation to the collapse of Fabrice Muamba, has purchased five defibrillators to date.

The Club also has several match-day collections during every season. Collections for St John's Ambulance, The Royal British Legion and the LCFC Foxes Foundation have either been undertaken in the 2012/13 season or will be undertaken in the 2013/14 season.

The Company also supports a charitable trust aimed at the promotion and provision of football services for all in Leicestershire through its funding of and involvement in the Leicester City Football in the Community Charitable Trust.

The Company has made charitable donations during the year of £16,000 (2012: £18,000)

Subsequent events

Additional funding of £18.75m has been received from the parent company in the period to 6 December 2013 and was used to repay £10.0m of debt from AFI and KPSI, to maintain the investment in the playing squad, working capital and fund £0.6m of capital expenditure. On 29 November 2013 LCFC issued 103,434,965 ordinary shares at par of £1 each to settle the entire outstanding amounts payable by LCFC to KPI.

Terry Robinson joined the Company as Director of Football in June 2013

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2013 (continued)

Statement of 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 prepared 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 judgements 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.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved

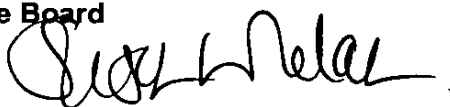
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting

On behalf of the Board

Susan Whelan
Chief Executive
6 December 2013
Registered number 04593477



Independent auditors' report to the members of Leicester City Football Club Limited

We have audited the financial statements of Leicester City Football Club Limited for the year ended 31 May 2013 which comprise the profit and loss account, the note of historical cost profit and losses, the balance sheet, the 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 8 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 Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 May 2013 and of its loss and cash flows 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.

Independent auditors' report to the members of Leicester City Football Club Limited (continued)

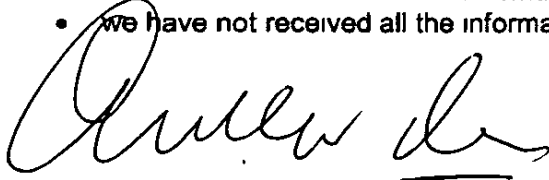
Opinion on other matters prescribed by the Companies Act 2006

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, 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 disclosure of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Andrew Mair (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
6 December 2013

Leicester City Football Club Limited

Profit and loss account for the year ended 31 May 2013

	Note	2013 £'000	2012 £'000
Turnover	2	19,557	21,352
Cost of sales - recurring		(37,003)	(41,085)
Cost of sales - exceptional expenses	3	(5,181)	-
Total cost of sales		(42,184)	(41,085)
Gross loss		(22,627)	(19,733)
Administrative expenses		(2,516)	(3,008)
Stadium expenses		(2,428)	(2,363)
Total administrative expenses		(4,944)	(5,371)
Operating loss	3	(27,571)	(25,104)
Profit on disposal of player registrations		819	642
Loss on ordinary activities before interest and taxation		(26,752)	(24,462)
Net interest payable	4	(7,218)	(5,257)
Loss on ordinary activities before taxation		(33,970)	(29,719)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	15	(33,970)	(29,719)

The Company's turnover and expenses all relate to continuing operations

The Company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been prepared.

Leicester City Football Club Limited

Note of historical cost profit and losses for the year ended 31 May 2013

	2013	2012
	£'000	£'000
Reported loss on ordinary activities before taxation	(33,970)	(29,719)
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	463	464
Historical cost loss on ordinary activities before taxation	(33,507)	(29,255)
Historical cost loss for the financial year	(33,507)	(29,255)

Leicester City Football Club Limited

Balance sheet as at 31 May 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Intangible assets	7	6,194	15,756
Tangible assets	8	44,520	45,293
Investments	9	-	-
		50,714	61,049
Current assets			
Finished goods and goods for resale		245	173
Debtors	10	5,148	2,895
Cash at bank and in hand		874	329
		6,267	3,397
Creditors: amounts falling due within one year	11	(114,176)	(84,709)
Net current liabilities		(107,909)	(81,312)
Total assets less current liabilities		(57,195)	(20,263)
Creditors: amounts falling due after more than one year	12	(16,237)	(19,199)
Net liabilities		(73,432)	(39,462)
Capital and reserves			
Called up share capital	14	6,571	6,571
Share premium account	15	8,475	8,475
Revaluation reserve	15	22,847	23,310
Profit and loss account	15	(111,325)	(77,818)
Total shareholders' deficit	16	(73,432)	(39,462)

The financial statements on pages 11 to 32 were approved by the board of directors on 6 December 2013 and signed on its behalf by



Susan Whelan
Chief Executive

Leicester City Football Club Limited

Cash flow statement for the year ended 31 May 2013

	2013	2012
	£'000	£'000
Net cash outflow from operating activities (note a)	(13,540)	(18,452)
Returns on investments and servicing of finance		
Interest received	2	10
Interest paid	(57)	(5)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(55)	5
Capital expenditure and financial investment		
Purchase of tangible and intangible fixed assets	(8,952)	(17,530)
Sale of intangible fixed assets	1,297	2,084
Net cash outflow from capital expenditure	(7,655)	(15,466)
Net cash outflow before financing	(21,250)	(33,913)
Financing		
Increase in borrowings (note c)	21,795	33,998
Net cash inflow from financing	21,795	33,998
Increase in cash (note b)	545	85

Leicester City Football Club Limited

Notes to the cash flow statement for the year ended 31 May 2013

a) Reconciliation of operating loss to net cash outflow from operating activities

	2013 £'000	2012 £'000
Operating loss	(27,571)	(25,104)
Amortisation and impairments	11,120	6,928
Depreciation charge	1,610	1,459
Increase in stocks	(72)	(65)
Increase in debtors	(428)	(547)
Increase/(decrease) in creditors	1,801	(1,123)
Net cash outflow from operating activities	(13,540)	(18,452)

b) Reconciliation of net cash flow to movement in net debt

	2013 £'000	2012 £'000
Increase in cash in the year	545	85
Cash inflow from changes in debt	(21,795)	(33,998)
Change in net debt from cash flows	(21,250)	(33,913)
Other non-cash changes	(4,651)	(5,262)
Movement in net debt in the year	(25,901)	(39,175)
Opening net debt	(85,359)	(46,184)
Closing net debt (note c)	(111,260)	(85,359)

Leicester City Football Club Limited

Notes to the cash flow statement for the year ended 31 May 2013 (continued)

c) Analysis of net debt

	1 June 2012	Cash flow	Other non cash movements	31 May 2013
	£'000	£'000	£'000	£'000
Cash at bank and in hand	329	545	-	874
	329	545	-	874
Debt due within one year	(68,006)	(23,295)	(3,517)	(94,818)
Debt due after one year	(434)	-	157	(277)
Hire purchase liabilities	(17,248)	1,500	(1,291)	(17,039)
Total debt	(85,688)	(21,795)	(4,651)	(112,134)
Net debt	(85,359)	(21,250)	(4,651)	(111,260)

Non cash movements relate to £1,291,000 accrued interest on the stadium loan and £3,360,000 on shareholder loans.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013

1 Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of the stadium, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

Consolidated financial statements

Consolidated financial statements have not been prepared on the grounds of materiality under the exemption available under section 405 of the Companies Act 2006. The Company has one dormant wholly owned subsidiary with net assets of £2

Going concern

During the year the Company incurred trading losses and has continued to do so after the year end. The Company also had net current and net liabilities at the year end.

In considering the appropriateness of the going concern basis for the preparation of these financial statements, the directors have considered the working capital requirements of the Company for the short, medium and longer term. As part of this the directors have reviewed in detail the cash flow forecasts prepared for the period of 12 months from the date of this report. These forecasts show that the Company is reliant on continued funding from the holding company, King Power International Limited.

King Power International has confirmed that existing loans will not be called in and that further finance will be available to fund future trading and support the football strategy to achieve promotion back to the Premier League for the foreseeable future and not less than 12 months from the date of approval of these financial statements. Furthermore, since 1 June 2013, £18.75m of new funding has been provided, £10.0m of which has been used to repay existing debt to AFI and KPSI, and the directors are confident further funding will be provided as required. On 29 November 2013 KPI agreed to convert its entire loan funding of the Club to ordinary shares and to provide a further £10.0m of future funding by subscription for further ordinary share capital.

The directors therefore have a reasonable expectation that the Company will be able to continue as a going concern for the foreseeable future, and for this reason they continue to adopt the going concern basis in preparing the financial statements. Accordingly no provisions, reclassifications, or adjustments have been made in these financial statements to reflect the impact of the Company not being able to continue in business.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the value of goods delivered and services provided by the Company during the year (stated net of value added tax and the Football League Levy). Season ticket and sponsorship income received prior to the year end in respect of the following football season is treated as deferred income and recognised over the season to which it relates

Central distributions from the FA Premier League and Football League and sponsorship income are recognised in the profit and loss account in the relevant financial period for the season to which the income relates

All other income is recognised on the provision of the service or transfer of economic benefit

Pensions

The Company operates defined contribution schemes for certain of its employees. The Company funds its pension liabilities through externally managed pension schemes. Contributions are charged against operating profits in the year in which payments are due.

Certain of the Company's ex-employees are members of the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the Company is one of a number of participating employers in FLLPLAS it is not possible to identify the Company's share of the individual assets and liabilities within the scheme. However, the actuarial surplus or deficit is estimated and a provision is made for any unfunded obligation with any payments made being deducted from the outstanding balance. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Further details are set out in note 18

Intangible fixed assets

The cost of player registrations is capitalised as an intangible asset and amortised over the period of the respective player's contract. Contingent player registration costs are capitalised when the directors have reasonable grounds to consider that payment will be made during the contract period of the player.

Goodwill arising on acquisition is the difference between the fair value of consideration and the fair value of the separately identifiable assets and liabilities acquired. Goodwill is capitalised and amortised over its estimated useful life.

Tangible fixed assets

Fixed assets are stated at cost or valuation less depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition

With effect from 31 May 2009, the stadium will be revalued every five years, with an interim valuation after three years, on an existing use basis.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

Depreciation is provided at rates calculated to write down the cost or valuation of each asset to its residual value on a straight-line basis over its expected useful life. Rates applied are as follows

Stadium / freehold buildings	-	2% per annum
Fixtures and fittings	-	10% - 20% per annum
Computer equipment	-	20% - 33% per annum
Motor vehicles	-	20% per annum

Freehold land is not depreciated

Fixed asset investments

Investments held as fixed assets are stated at cost and reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable

Impairment

Intangible and tangible fixed assets and investments are subject to review for impairment in accordance with FRS 11, Impairment of Fixed Assets and Goodwill. Any impairment in the value of fixed assets is charged to the profit and loss account, as an additional component of the depreciation or amortisation charges.

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognised as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair market value less costs to sell, and its value in use. In calculating value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of a risk-free interest rate adjusted for risk related to the specific asset. For assets dependent on other assets to generate cash flows, the recoverable amount is calculated for the income generating unit to which the asset belongs.

Impairment losses are reversed if there is a trigger that changes the recoverable amount, with the exception of impairment losses on goodwill. The impairment losses on the goodwill are only reversed where an external event caused the original impairment loss and subsequent external events clearly and demonstrably reverse the effect of that event in a way that was not foreseen in the original impairment assessment.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

1 Accounting policies (continued)

Leased assets

Assets purchased under finance leases and hire purchase contracts have been capitalised and depreciation is charged at rates calculated to write down the cost of each asset to its residual value on a straight-line basis over its expected useful life or the period of the lease, whichever is shorter. Interest is charged to profit so as to produce a constant periodic rate of charge on the remaining balance of the lease for each accounting period. Operating lease payments are charged to the profit and loss on a straight line basis

Stocks

Stocks comprise goods for resale and are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Provision is made for obsolete items.

Signing on fees

Signing on fees payable to players are charged to the profit and loss account over the contract period of each player. Contractual obligations are recognised when they become payable, with prepayments or accruals arising at each period end included within current assets or current liabilities, as appropriate. Where a player's registration is transferred, any signing on fees payable in respect of future periods are charged against the profit/(loss) on disposal of players registrations in the period in which the disposal is recognised.

Deferred taxation

As required by FRS 19, deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. Deferred tax assets are only recognised to the extent that they are more likely than not to be recovered. No deferred tax has been recognised on the revalued stadium as the Company has no plans to dispose of this asset. Deferred tax assets and liabilities have not been discounted

2 Turnover

Turnover, which is all derived from the Company's principal activity and originates in the United Kingdom, is analysed as follows:

	2013	2012
	£'000	£'000
Match receipts	5,737	5,870
Other football income	6,306	7,571
Retailing and merchandise	1,423	1,452
Conference, banqueting and catering	880	880
Sponsorship, executive suites, advertising and other income	5,211	5,579
	19,557	21,352

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

3 Operating loss

Operating loss is stated after charging.

	2013 £'000	2012 £'000
Operating leases		
- plant and machinery	133	87
Depreciation.		
- owned tangible fixed assets	765	614
- assets held under finance leases and hire purchase contracts	845	845
Amortisation of intangible assets	5,939	6,928
Impairment of intangible assets	5,181	-
Auditors' remuneration		
- audit of the Company's annual accounts	26	25
- non-audit services – other assurance services	12	10
- non-audit services – tax compliance	6	4

Having regard to the impact of the implementation of the Financial Fair Play regulations and its effect on the value of the players and the Club, the directors have reassessed the market values of the Club and its individual intangible assets. This review identified a fall in the value of the Club and this has been recognised through an impairment of £5.2m in the value of certain players where the market value of those players is considered to be lower than the carrying values at 31 May 2013.

4 Net interest payable

	2013 £'000	2012 £'000
Interest payable and similar charges:		
Bank loans and overdrafts	57	5
Hire purchase contracts	1,291	1,343
Other loans	5,872	3,919
	7,220	5,267
Interest receivable and similar income – bank interest	(2)	(10)
	7,218	5,257

5 Staff costs

The average monthly number of employees during the year, including directors, was as follows

	2013 Number	2012 Number
Players	38	40
Administration	131	114
	169	154

In addition, the Company employs on average 443 (2012: 472) casual staff on match days

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

5 Staff costs (continued)

Employee costs, including directors, during the year amounted to:

	2013 £'000	2012 £'000
Wages and salaries	22,959	24,274
Social security costs	2,968	3,057
Other pension costs (note 18)	187	387
	26,114	27,718

The employee costs above include the following remuneration in respect of the directors of the Company.

	2013 £'000	2012 £'000
Aggregate emoluments	130	386
Pension contributions	12	4
	142	390

The aggregate emoluments of the highest paid director were £133,000 (2012: £133,000) and one of the directors was accruing benefits under a defined contribution pension scheme (2012: two).

6 Tax on loss on ordinary activities

	2013 £'000	2012 £'000
UK corporation tax		
- current year	-	-
Total current tax	-	-
Deferred tax		
- current year	-	-
Total deferred tax (note 13)	-	-
Tax on loss on ordinary activities	-	-

The standard rate of tax for the year ended 31 May 2013 was based on the UK effective rate of 23.83% (2012: 25.67%). The actual charge for the year is higher (2012: higher) than the standard rate for the reasons set out in the following reconciliation:

	2013 £'000	2012 £'000
Loss on ordinary activities before taxation	(33,970)	(29,719)
Loss on ordinary activities multiplied by effective rate in the UK of 23.83% (2012: 25.67%)	(8,095)	(7,628)
Effects of:		
Disallowable expenses	1,644	234
Accelerated capital allowances	210	179
Trading losses and other timing differences not recognised	6,241	7,215
Current tax charge for the year	-	-

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

6 Tax on loss on ordinary activities (continued)

The March 2012 Budget included a reduction in the main rate of corporation tax for UK companies from 26% to 24% from 1 April 2012. Legislation to further reduce the main rate of corporation tax to 23% from 1 April 2013 was included in the Finance Act 2012 and substantively enacted in July 2012. UK deferred tax has therefore been provided at 23% (2012: 24%).

In addition to the changes in rates of corporation tax disclosed above further changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the unprovided deferred tax balance at the balance sheet date, would not materially affect the unprovided deferred tax asset.

7 Intangible assets

	Player registrations £'000	Goodwill £'000	Total £'000
Cost			
At 1 June 2012	27,040	4,266	31,306
Additions	3,861	-	3,861
Disposals	(8,341)	-	(8,341)
At 31 May 2013	22,560	4,266	26,826
Accumulated amortisation			
At 1 June 2012	11,284	4,266	15,550
Charge for the year	5,939	-	5,939
Impairment	5,181	-	5,181
Disposals	(6,038)	-	(6,038)
At 31 May 2013	16,366	4,266	20,632
Net book amount			
At 31 May 2013	6,194	-	6,194
At 31 May 2012	15,756	-	15,756

The purchased goodwill arose as a result of the acquisition of the trade and certain assets and liabilities of Leicester City Football Club in 2003.

The ongoing trading losses trigger an impairment test. Accordingly, the directors have undertaken a detailed assessment of the current value of the Club. This identified a potential shortfall in the amount recoverable in respect of player registrations. The directors therefore extended their review to assess the individual values attributable to each player, based on their knowledge of transfer values achieved in the most recent transfer window, and on the basis of ongoing discussions with other clubs. This exercise, combined with post year end transactions, has identified an impairment of £5.2m (2012: £nil) which has been recognised in these financial statements.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

8 Tangible assets

	Stadium £'000	Other land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost						
At 1 June 2012	41,463	2,313	4,827	67	1,160	49,830
Additions	-	-	622	-	215	837
At 31 May 2013	41,463	2,313	5,449	67	1,375	50,667
Accumulated depreciation						
At 1 June 2012	2,536	134	1,135	51	681	4,537
Charge for the year	845	33	556	3	173	1,610
At 31 May 2013	3,381	167	1,691	54	854	6,147
Net book amount						
At 31 May 2013	38,082	2,146	3,758	13	521	44,520
At 31 May 2012	38,927	2,179	3,692	16	479	45,293

The stadium was revalued on 31 May 2009 by DTZ Debenham Tie Leung Limited, on an existing use basis, at £41,463,000. The valuation was undertaken in accordance with the RICS appraisal and valuation manual. Included within this valuation is freehold land of £4,777,000 which is not depreciated. An interim valuation was undertaken on 31 May 2012, also by DTZ Debenham Tie Leung Limited which valued the stadium at £39,006,000 as compared to the depreciated carrying value of £38,927,000. Included within this valuation is freehold land of £9,210,000. The directors chose not to adjust the carrying value of the stadium based on this valuation as the net effect of the change was immaterial. If the stadium was stated on a historical cost basis, the amounts for cost, aggregate depreciation and net book amount respectively at 31 May 2013 would be £19,106,000 (2012: £19,106,000), £3,872,000 (2012: £3,490,000) and £15,234,000 (2012: £15,616,000).

Fixtures and fittings and computer equipment above includes assets costing £216,000 with a net book value of £171,000 held under finance leases.

The stadium is the subject of a hire purchase contract. The repayment terms of the contract are contingent on the revenues associated with the division of the Football League that the Club plays in during the duration of the contract. The payment profile of the contract has been calculated based on the league status of the Club at the year end. Amounts payable under finance leases and hire purchase contracts are set out in note 12.

Land included within "Other land and buildings" at a cost of £650,000 (2012: £650,000) is not depreciated.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

9 Investments

	2013	2012
	£	£
Shares in subsidiary	2	2

The investment relates to Leicester City Media Limited, a wholly owned dormant company incorporated in the United Kingdom.

10 Debtors

	2013	2012
	£'000	£'000
Trade debtors	409	303
Transfer fees receivable	1,825	-
Taxation and social security	-	436
Other debtors	2,114	943
Prepayments and accrued income	800	1,213
	5,148	2,895

11 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Bank loans	32	32
Trade creditors	1,023	1,186
Transfer fees payable	2,456	6,526
Amounts owed to parent company and companies under common control:		
- subordinated loans and other amounts payable	100,722	67,974
- obligations under finance lease and hire purchase contracts	1,500	-
Obligations under finance lease and hire purchase contracts	-	1,500
Taxation and social security	1,674	1,189
Other creditors	2,245	1,657
Accruals and deferred income	4,524	4,645
	114,176	84,709

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

12 Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Bank loans	277	309
Transfer fees payable	190	374
Amounts owed to parent company and companies under common control.		
- subordinated loans and other amounts payable	-	125
- obligations under finance leases and hire purchase contracts	15,539	-
Obligations under finance leases and hire purchase contracts	-	15,748
Accruals and deferred income	231	2,643
	16,237	19,199

Bank loans

	2013 £'000	2012 £'000
Amounts payable:		
Within one year	32	32
Between one and two years	32	32
Between two to five years	95	95
Greater than five years	150	182
	309	341

The bank loans are secured on the freehold training ground and a freehold property
Interest is payable at 1.75% above the bank base rate

Obligations under finance leases and hire purchase contracts

	2013 £'000	2012 £'000
Amounts payable.		
Within one year	1,500	1,500
Between two and five years	4,500	4,500
After five years	11,039	11,248
	17,039	17,248

Amounts owed to parent company and companies under common control

	2013 £'000	2012 £'000
Amounts payable:		
Within one year	100,597	67,474

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

12 Creditors: amounts falling due after more than one year (continued)

Other loans

	2013 £'000	2012 £'000
Amounts payable		
Within one year	125	500
Between one and two years	-	125
Between two to five years	-	-
	125	625

£94.7m (2012 £67.5m) of the amounts owed to the parent company and companies under common control represent subordinated loans with £10.0m (2012 £63.1m) bearing interest at 8% and £84.7m (2012 £4.4m) at 6%. All of these loans are unsecured, and repayable on demand. The remaining £5.9m represents accrued management fees, interest and travel costs. The creditor companies have confirmed that they will not seek repayment of these loans and other amounts within 12 months of the date of signing these financial statements if such payment would prejudice the ability of the Company to settle its other obligations as they fall due.

The remaining other loans attract interest at 1.23%. They are secured by a chattel mortgage on catering equipment.

13 Provisions for liabilities and charges

Deferred tax

The deferred tax assets provided and those unprovided, calculated at 23% (2012 24%), are as follows

	2013		2012	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	-	(36)	-	(473)
Short term timing differences	-	(86)	-	(75)
Trading losses	-	(23,276)	-	(19,248)
	-	(23,398)	-	(19,796)

No deferred tax liability has been recognised on the revalued stadium, as the Company has no current intention to dispose of this asset, however the unprovided amount would be approximately £4.6m (2012 £6.0m).

Deferred tax assets are not recognised where there is insufficient certainty over the availability of suitable taxable profits against which these losses can be utilised.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

14 Called up share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid		
Ordinary shares of £1 each		
6,379,476 (2012: 6,379,476) ordinary shares of £1 each	6,379	6,379
Redeemable shares of £1 each		
1 (2012: 1) redeemable share of £1	-	-
'A' shares of 1p each		
19,138,432 (2012: 19,138,432) 'A' shares of 1p each	192	192
	6,571	6,571

The following rights attach to the 'A' shares.

- a) The 'A' shareholder shall have the right to appoint directors of the Company,
- b) The 'A' shareholder shall have the right to vote at any general meeting or at any separate meeting of the holders of the 'A' shares in the Company

In the event of a qualifying offer which the 'A' shareholder wishes to accept, the 'A' shareholder shall give written notice to all the holders of the ordinary shares of its wish to accept the qualifying offer and that they require the ordinary shareholders to transfer all their shares to the offeror

In the event of a qualifying offer the ordinary shareholders are required to transfer all their ordinary shares in issue at a price being not less than £0.10 and not more than £1.00 per share

On the winding-up of the Company the surplus assets shall be applied, first, in repaying the members the amount paid up on their shares respectively in accordance with their entitlements. If such assets are insufficient to repay the said amount in full, they shall be applied rateably, so that the loss shall fall upon the members in proportion to the amount called up on their shares respectively. No member shall be entitled to have any call upon other members for the purpose of adjusting the members' rights, but where any call has been made and has been paid by some of the members such call be enforced against the remaining members for the purpose of adjusting the rights of the members between themselves.

If the surplus assets shall be more than sufficient to pay to the members the whole amount paid upon their shares, the balance shall be given by the members of the Company, at or before the time of dissolution as they direct, to The Football Association Benevolent Fund, or to some Club or Institute in Leicestershire with objects similar to those set out in the Memorandum of Association of the Company or to any local charity, or charitable or benevolent institution situated within Leicestershire

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

15 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 June 2012	8,475	23,310	(77,818)
Loss for the financial year	-	-	(33,970)
Transfer to profit and loss account	-	(463)	463
31 May 2013	8,475	22,847	(111,325)

16 Reconciliation of movements in total shareholders' deficit

	2013 £'000	2012 £'000
Loss for the financial year	(33,970)	(29,719)
Net movement in total shareholders' deficit	(33,970)	(29,719)
Opening total shareholders' deficit	(39,462)	(9,743)
Closing total shareholders' deficit	(73,432)	(39,462)

17 Leasing commitments

At 31 May, the Company had annual commitments under non-cancellable operating leases for plant and equipment expiring as follows:

	2013 £'000	2012 £'000
Within one year	-	4
Within two to five years	131	57

18 Pension costs

Certain employees of the Company (professional footballers) are members of the Football League Limited Players Retirement Scheme.

Other employees of the Company are members of the Football League Limited pension and life assurance scheme or the Football League Limited group personal pension plan with certain other employees belonging to the Leicester City Football Club group personal pension scheme

These are all defined contribution schemes, and contributions are expensed in the profit and loss account as they become payable

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

18 Pension costs (continued)

Certain ex-employees of the Company are members of the closed Football League Limited Pension and Life Assurance Scheme, a defined benefit scheme. As the Company is one of a number of participating employers in the scheme, it is not possible to allocate any actuarial surplus or deficit on an annual basis. However, under Section 75 of the Pensions Act 1995, the Company, as a participating employer in the scheme, is liable to fund the deficit relating to Company's ex-employees who are members of the scheme. The Scheme Actuary finalised a full valuation as at 31 August 2011 in May 2012 and allocated £309,077 as the Club's share of the deficit as at 1 September 2012. The increase in the deficit arising from this revaluation of £229,331 was recognised in the profit and loss account for the year ended 31 May 2012. The deficit is funded by annual contributions and the Club incurs interest at 6% on its allocated share of the deficit. The balance outstanding at the year-end date is included in other creditors. The Club has made contributions of £41,312 in the year (2012: £21,612). The assets of the scheme are held separately from those of the Company.

19 Contingencies and commitments

a) Player transfer costs

The Company has certain contracts with other football clubs that relate to player transfers. Under the terms of these contracts, additional amounts become payable or receivable if conditions concerning future team successes and appearances are met. The maximum amount that is potentially payable and receivable under these contracts is £7,550,000 (2012: £8,452,000) and £1,535,000 (2012: £710,000) respectively. £554,000 of the total potential fees and the associated Levy were provided for as at 31 May 2013 (2012: £nil).

b) HRMC

HRMC has issued a revised assessment for repayment of £59,790 (2012: £287,000) of input VAT previously recovered which relates to payments made under the contractual arrangements between the Company and certain football agents. Discussions in relation to a settlement are ongoing and consequently a provision for the repayment of amounts recovered, and applicable penalties and interest, has been made within these financial statements of £59,790 plus interest.

As part of their ongoing risk reviews of professional Football Clubs, HRMC have undertaken a review of the payroll tax processes at the Club. The directors consider the Company has treated all material transactions correctly for tax purposes and do not expect any material liability to arise although discussions with HRMC continue and appropriate provisions have been raised where it is considered it likely a liability may crystallise.

c) Capital commitments

At 31 May 2013, the Company had committed capital expenditure of £130,000 (2012: £216,000) and expenditure approved not committed of £nil (2012: £743,000).

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

20 Related party transactions

As at 31 May 2012 the Company had a subordinated loan from its then immediate parent undertaking Asia Football Investments Pte Limited (AFI) of £8,701,303, together with a subordinated loan from K Power Sports Investment (KPSI), the then ultimate holding company of the Club, of £54,379,541

During the year the Company repaid £7,381,200 to AFI and £49,096,713 to K Power Sports Investment.

At the start of the year King Power International Limited, the Company's current immediate parent undertaking had made a subordinated loan of £4,387,500 to the Company. Further advances of £80,311,113 were made during the year

These loans are unsecured and bear interest at 8% for AFI and K Power Sports Investment and 6% for K Power International Co. Interest of £5,871,235 accrued on these loans during the year

Members of the King Power group also were party to Sponsorship agreements with the Company with a value of £1,050,000 and the Company purchased £78,602 of retail products from other members of the King Power Group

The freehold interest in the King Power Stadium was acquired in February 2013 by K Power Holdings Company Limited, a company also controlled by members of the Srivaddhanaprabha family. As part of the acquisition of the Stadium the hire purchase obligations between the previous owner and the Company were assigned to K Power Holdings. Accordingly the outstanding balance payable as at 31 May 2013 under this agreement of £17,039,016 is now due to another group company. This obligation incurs interest at 8% per annum and £382,187 has accrued on the amount payable since February 2013

The Company is party to a management agreement with K Power Sports Investment where the Club is charged a management fee based on turnover for management services provided. The fee and expenses for 2013 incurred under this agreement were £1.1m (2012: £1.2m). This agreement came to an end on 31 May 2013.

21 Ultimate parent company and controlling party

The Company's immediate parent undertaking at 31 May 2012 was Asia Football Investments Pte Limited, a company incorporated in Singapore. The beneficial owner of Asia Football Investments Pte Limited was K Power Sports Limited, a British Virgin Isles company. The beneficial owner of K Power Sports Limited is Ariyawatt Srivaddhanaprabha

On 13 September 2012, 100% of the authorised share capital of the Company was acquired by King Power International Limited, a company incorporated in the Kingdom of Thailand. The ultimate holding Company of King Power International is V&A Holdings Company Limited, a company incorporated in the Kingdom of Thailand and the beneficial owner of V&A Holdings Limited is the Srivaddhanaprabha family

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2013 (continued)

22 Subsequent events

Additional funding of £18.75m has been received from the parent company in the period to 6 December 2013 and was used to repay £10.0m of debt from AFI and KPSI, to maintain the investment in the playing squad, working capital and fund £0.6m of capital expenditure. On 29 November 2013 KPI agreed to convert its entire loan funding of the Club to ordinary shares.