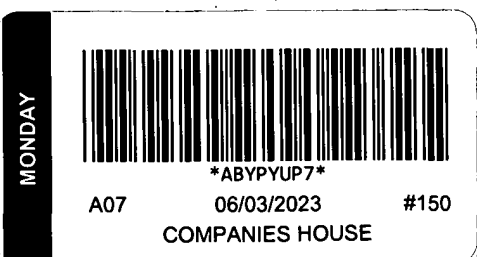


Leicester City Football Club Limited
Annual report and Consolidated financial
statements for the year ended 31 May 2022
Registered number: 04593477



Leicester City Football Club Limited

Annual report and consolidated financial statements for the year ended 31 May 2022

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Leicester City Football Club Limited

Directors and advisors

Registered office

King Power Stadium
Filbert Way
Leicester
Leicestershire
LE2 7FL

Directors

Aiyawatt Srivaddhanaprabha
Apichet Srivaddhanaprabha
Shilai Liu
Susan Whelan

Bankers

Barclays Bank plc
One Snowhill,
Snowhill Queensway,
Birmingham,
B4 6GN

Independent auditors

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

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2022

The directors present their strategic report and the consolidated audited financial statements for the year ended 31 May 2022.

Principal activities

The principal activity of Leicester City Football Club Limited ("the Company", "the Club", the Group") is the operation of professional football clubs. This includes men's football ("LCFC" or "the Club") and women's football ("LCWFC").

Results

The 2021/22 financial year for LCFC was a year of consolidation: Crowds returned to the King Power Stadium as the impact of COVID receded and the season was able to proceed almost as normal. Highlights included reaching the Club's 1st European competition semi-final and a final finishing position of 8th in the Premier League with Leicester City Women retaining their Women's Super League status.

The impact of COVID was significantly reduced but the Club's considerable investment into both the acquisition and employment costs of its playing squad was one of the highest in the Premier League outside the "Big 6" Clubs contributing to a significant loss for the financial year. The Club has responded by careful cost and cash flow management but at all times has stood by its principles of being fair to all its stakeholders.

The long term investment into the sustainable development of the Club continues, including the completion of the new Seagrave training ground and the Club's hybrid planning application for the expansion of the King Power Stadium and the development of the masterplan for wider stadium site, which was approved by the Leicester City Council planning committee (subject to finalisation of a s106 agreement).

The Club made a Loss before and after taxation of £92.5m (2021: £33.1m loss). This loss has arisen principally due to the following reasons:

- The Club has one of the largest combined employment costs and player amortisation in the Premier League outside the Big 6 Clubs.
- No significant player sales were realised during the financial year.
- Increasing levels of debt led to an increased interest cost. This has been addressed after the end of the season by King Power International converting £194m of debt and accrued interest into 194m ordinary shares of £1 nominal value. This has also strengthened the Club's balance sheet and enhanced its net asset position.
- Although the end of COVID restrictions has led to match day revenue returning to normal levels certain costs have remained much higher than before COVID and costs continue to rise in many operational areas.
- UEFA has continued a 4% clawback on all revenue from UEFA competition arising from reductions in UEFA's earnings from the effects of COVID in the 19/20 and 20/21 competitions. The impact of this reduction on LCFC's UEFA related income for season 21/22 is estimated as a reduction in revenue of £1,033,000.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2022 (continued)

Results (continued)

On the pitch the Club finished 8th in the Premier League, following on from two consecutive 5th place finishes. The Club finished 3rd in the Group stages of the Europa League and subsequently reached the semi-finals of the inaugural Europa Conference League.

The turnover of the Club has decreased to £214.6m from £226.2m in 2021. This decrease is principally a result of the reversal of the timing differences in the recognition of revenue relating to the 19/20 season, with 20% of the 19/20 season's Premier League and sponsorship revenue having been recognised in financial year 20/21 (£32.9m). The lower league finish also led to a decrease in Premier League revenue of £6m although the progress to the semi-final of the Europa Conference League (leading to UEFA revenue increasing to £21.5m from £13.7m) and the return of fans to the King Power Stadium (with Gate receipts increasing to £21m from £0.5m) both offset some of the impact of this reversal.

Cost of sales decreased by £1.1m to £275.8m (2021: £276.9m). The timing difference arising from 20% of the football bonuses for the 2019/20 season being charged to the 2020/21 financial year resulted in year-on-year reduction of these costs. This was partly offset by additional commercial and matchday expenses following the reduced impact of COVID. There was also a £2.1m increase in the amortisation costs of players' registrations and a £2.4m increase in depreciation due to a full year charge relating to the new training facility at Seagrave.

Administrative expenses increased by £4.8m to £22.3m (2021: £17.5m) arising mainly from a full year's operational costs relating to the new Seagrave training facility and an increase in property rates following the end of the dispensation given by the government in 2020/21 arising from COVID.

Net interest payable for the year increased to £18.9m (2021: £11.3m) mostly as a result of the interest on loans from King Power International and Macquarie and a net decrease in the net finance expense recognised on debtor and creditor balances under FRS102 in relation to the growing value of non-current transfer debtors and creditors.

In the year to 31 May 2022, player trading realised net profits of £9.2m (2021: £43.9m), arising principally from the disposal of the registration of Kamal Sowah.

The Directors are confident the Club has continued to comply with the Premier League Sustainability and Profitability and Short Term Cost Control requirements in the season and the Club complied with the UEFA Financial Fair Play ("FFP") requirements and has had its UEFA licence confirmed for the 2022/23 season.

The Club continues to receive exceptional support in both financial and non-financial terms from King Power International (KPI) and the Srivaddhanapraba family, without which the Club would not have achieved its recent successes.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2022 (continued)

Results (continued)

The Group had a net cash outflow for the year of £16.6m (2021: inflow of £9.7m) comprising a £28.5m cash outflow from operating activities (2021: inflow of £17.1m) and a net investment in tangible and intangible assets of £29.3m (2021: net investment of £59.9m). In the current year there was £41.2m net cash inflow from financing activities (2021: inflow of £52.5m) including a £35.0m working capital loan from King Power International along with an £11.9m increase in 3rd party loans and £5.7m interest repaid. The net movement on third party loans included the drawdown of an £80m facility from Macquarie Bank, offset by the settlement of the Clubs existing PL TV rights and player sales discounting facilities. No dividend has been paid in the year (2021: £nil).

Investment in tangible assets included £0.6m (2021: £26.8m) relating to the Leicester City Football Club training ground at Seagrave.

Key performance indicators

	2022	2021
Average league attendance	31,941	-
Cash and equivalents at year end (£'000)	34,222	50,865
Staff costs (per note 5)/turnover expressed as a percentage	84.8%	84.9%
Operating (loss)/profit excluding player amortisation, impairments, and player trading (£'000)	(8,024)	6,928

Operating loss (2022: £73.6m, 2021: £21.8m) excluding player amortisation (2022: £72.2m, 2021: £71.8m), impairments (2022: £2.6m, 2021: £0.9m), and player trading (2022: £9.2m, 2021: £43.9m) is used to measure the Clubs underlying profitability before player trading.

Effects of COVID

COVID has had some significant effects on the Club over the last three financial years. The losses over the two Financial Years to 31st May 21 totalled £50m as set out in the financial statements for the period ended 31 May 2021. These losses were reduced significantly in Financial Year 21-22 as crowds returned to stadia and operations returned to a more normal footing. Some costs however continue: UEFA continues its rebate claw back where revenue shortfalls from COVID are deducted from UEFA payments to Clubs over the next five seasons including the 21-22 season. The Premier League also continued to fund testing during the year.

The COVID related costs that were incurred in Financial Year 21-22 are as follows:

- LCFC's share of the Premier League testing cost was £0.33m (20/21 £11.65m); and
- £1.03m of LCFC's UEFA revenue was deducted at source (20/21 £0.66m - restated from £0.5m due to confirmation from UEFA of a % increase in the amount withheld).

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2022 (continued)

Asset values

At the year end there were 43 (2021: 49) players for whom the cost of the player's registration had been capitalised and was still being amortised over the period of the relevant player's contract. The combined net book value of these players is £162.4m as at 31 May 2022 (2021: £174.3m). No impairment provision has been recognised in 2022 (2021: £0.9m) where the player registration has been disposed of after the year end. The directors' assessment of the market value of the playing squad at 31 May 2022, which includes those players where the market value exceeds their carrying values, is £408.9m (2021: £483.6m). The change in market value is effected by the negative impact of COVID on player values, the Club's investment in player's registrations of £67.1m in year 21-22, and the reduction in the remaining length of players' contracts.

The King Power Stadium is currently carried at £45.5m (2021: £41.5m), which reflects the depreciated replacement cost of the stadium based on an external valuation by Savills plc on 31 May 2022 and assessed by the Company's directors at 31 May 2022.

Seagrave training ground is carried at historical cost as it was substantively completed in December 2020 and the Directors believe there would be no material difference to depreciated replacement cost.

Future outlook

The Club finished the 21/22 season in 8th position and progressed to the semi-finals of the inaugural season of the UEFA Europa Conference League. On pitch performance in the current season has been mixed and the Club is focusing on ensuring that this is improved to allow the Club to climb the League and return to the top half League position it aspires to. The Club has not changed its aspiration to win trophies whilst complying with the evolving football regulatory environment.

Leicester City Council ("LCC") planning committee approved the Club's hybrid planning application permission for the King Power Stadium expansion (in detail) and the masterplan for the wider stadium site (in outline) in September 2022, subject to finalisation of an associated s106 agreement. The Club and LCC are currently finalising this agreement and it is hoped this agreement will be concluded in early 2023 (which will then result in a formal grant of planning permission by LCC).

The Premier League has concluded deals for the majority of the TV and sponsorship revenues relating to the 3 years from 2022-2025 which has safeguarded the revenue of the PL for the medium term. The level of expected income from the UK deals remains at similar levels to the previous deals over the next three seasons with some growth expected in international rights. The rebate payable in relation to the 19/20 season to the Premier League Broadcasters has led to a reduced cash inflow to the Club from the Premier League in season 21/22 and 22/23 of around £10.1m in total (this reduction will be fully concluded by the end of 22/23).

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2022 (continued)

Future outlook (continued)

The regulatory landscape of English football is continuing to evolve with the Government recently setting out its proposed reforms to football governance. The Government has also indicated its determination to intervene if the football industry fails to deliver its own reforms to the distribution of revenue through the football pyramid, which may lead to a larger share of the Premier Leagues revenues in the future being shared with EFL Clubs.

UEFA have also introduced new financial regulations for Clubs in European Football and FIFA have set out new rules around Intermediaries.

FIFA and UEFA continue to grow their Club competitions putting increasing pressure on the football calendar and on the associated income available from broadcasters for domestic rights.

After acquiring control of Leicester City Women Football Club Limited (LCWFC) in August 2020 LCFC has continued to provide LCWFC with investment and support including the use of the Belvoir Drive training with some of the best facilities in the Women's Super League (WSL). LCWFC retained their WSL status at the end of the 21-22 season and they are competing hard to safeguard that status again in the current season.

Environmental

The Club has adopted a medium term plan to address its environmental impact: This plan does not focus on a single basic measure of environmental impact and instead covers the following aspects of the Club's operations:

- 1) Appropriate management of the reduction in CO2 consumption by the Club, which has included the replacement of almost all lighting (including pitch flood lighting) with LEDs, undertaking detailed reviews of energy usage and the adoption of various energy saving strategies;
- 2) Reduction in plastic usage and elimination of single use plastic from Club match day operations; successes here include replacement of single use plastic glasses with reusable glasses and the elimination of plastic sauce sachets, straws and other types of single use plastic;
- 3) Encouraging staff to engage in the reduction of their own environmental impact by offering a cycle to work scheme and the introduction of a new environmentally friendly company car scheme;
- 4) Sourcing all Electricity from renewable sources; and
- 5) The Incorporation of new waste management protocols in the Club operations.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2022 (continued)

Environmental (continued)

	2022	2021
UK energy use in kWh	17,017,279	16,567,507
GHG emissions associated with energy use (tCO ₂ e) Scope 1	1,840	2,374
GHG emissions associated with energy use (tCO ₂ e) Scope 2	1,645	1,151
GHG emissions associated with energy use (tCO ₂ e) Scope 3	145	-
Intensity measurement (m ² building area)	66,310	62,310
Emissions intensity ratio - tCO ₂ /m ² building area	0.05	0.06

The Group has continued to monitor and review energy usage and associated carbon dioxide emissions. We have undertaken mandatory assessments of our energy use in accordance with the ESOS regulations 2018.

Actions taken arising from this include installing PIR and motion detectors for lighting; rolling out a CAFM system to better monitor maintenance, control down time and reduce wasteful operating times; implementing an upgraded BMS system which provides more control over plant and machinery; and replacing two inefficient water heaters with modern plate heat exchangers. Further actions are being undertaken to reduce usage across the business.

The Club's total energy usage increased from the prior year as the 21-22 season had a full year of the operation of the Seagrave training ground compared to the six months of usage in 20-21 after the property was first occupied in December 2020.

As part of our 100% renewable electricity contracts, we continue to monitor usage and target reductions on high usage areas like pumps and motors. The payback on investment in solar PV electricity generation has improved so we continue to consider the implementation of such generation.

The Club has followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol – Corporate Standard. We have also used the 2021 UK Government's Conversion Factors for Company Reporting including using an operational approach to define our boundary.

The electricity and gas data has been recorded over a 12-month period from May 2021 to April 2022. The data was collated directly from monthly invoices and a consumption report.

Company transport data was generated from company fuel cards and for other travel from an estimated mileage travelled based on each vehicle type's average MPG and the amount of petrol / diesel consumed.

All subsidiaries are covered by these figures and all are owned 100%.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2022 (continued)

Employees

The Owners and Directors of the Club are committed to providing an excellent working environment for all staff. This is evidenced by the Club achieving the Advanced level of the Premier League Equality, Diversity and Inclusion Standard (PLEDIS).

PLEDIS covers two broad areas:

- The Club's culture, policies, leadership and people.
- Developing Club services – the work the Club does to encourage people from all communities to participate in its activities.

These areas encompass all areas of inequality and discrimination which are linked to the nine protected characteristics set out in the Equality Act 2010.

The Club has held various meetings and workshops throughout the year where staff are encouraged to share their views and the Club also undertakes regular surveys to ensure good communication with its employees.

Details of the numbers of employees and related costs are given in note 5 to the consolidated financial statements.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2022 (continued)

Statement by the directors in performance of their statutory duties as per s172(1) Companies Act 2006

The Board of Directors of Leicester City believe that they have acted, both individually and as a group, in a way they consider would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 May 2022.

As a privately owned Company which is part of a much larger Group the Board of Directors meet on a regular basis on both a formal and informal basis to review progress and decisions. The executive management team of the Club meets on average twice a month either in person or via teleconference. In addition to the approval of the Annual Report as well as the Budget for the following year, material decisions having a potential impact on the long term strategy of the Club such as entering new debt facilities and their associated security are discussed at Board meetings where these are approved.

The Club continues to be a responsible employer in our approach to our employees' remuneration and benefits paying the living wage as a minimum to all staff and with regard to the health, safety and well-being of our employees. LCFC has introduced schemes for employees such as a Cycle to Work scheme and is introducing an Electric and Hybrid car scheme. All employees are eligible to be part of a health scheme and the Club is a member of several organisations which provide support to staff.

The Club has also focused on being an ethical organisation: over the last few years the Club has worked to become a defining partner in the local community alongside its two associated charities, the VS Foundation and Leicester City In the Community. With the Club's direct financial and indirect logistical support working with associated funders these Charities have provided millions of pounds of donations and project delivery to the local community over the last few years. The Club has adopted procurement policies to assist it in buying from companies that comply with tax, anti-bribery, modern slavery and other relevant laws.

The Club has also endeavoured to treat its fans in an ethical way. Meetings are held with the Club's Fans Consultative Committee on a regular basis as well as with various fan interests groups including the Foxes Trust, The LCFC Supporters Club, Union FS, Foxes Pride and the Disabled Supporters Association. Despite having a full stadium and inflationary cost increases over the recent years the Club has increased season ticket prices only once since 2014 and has instead sought to increase its income in other ways.

The Board of Director's intention is for the Club to behave responsibly towards all stakeholders and ensure that management operate the business with the standards of business conduct and good governance expected for a business such as ours and, in doing so, will contribute to the delivery of the long term strategic vision of the Club and its stakeholders.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2022 (continued)

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 on pitch performance, possible changes in the Premier League Governance and revenue distribution rules, Financial Fair Play ("FFP"), employees, business environment and Brexit risks:

Football

Membership of, and finishing position in, the Premier League has a highly material impact on the turnover and cash generation of the Club. The Company also faces the risk of underperforming against supporter expectations which may have a significant impact on turnover and cash generation. Qualification for European competition also has a highly material impact on the turnover and cash flows of the Club for the season in question. The directors understand these risks 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.

Player Market values

Variations in team performance, individual performance, contract length and health as well as the general economic performance of the transfer market can lead to substantial changes in players' market valuations. Whilst the Club insures part of the value of players registrations against career ending injuries and death and also holds catastrophe insurance, the other risks are managed by spreading the risk on a collective basis across the value of the squad as a whole so only a small proportion of the squad value would be impacted by a decrease in single players value.

Football Governance

FIFA, UEFA and the UK Government are undertaking various processes to review respectively the structure of international football, the structure of European football and its FFP regime and the governance of football in England. The progress and possible outcomes of these processes and their impact on LCFC are being monitored and LCFC continues to be involved in the relevant consultations.

Financial Fair Play

The Club is currently regulated for FFP under the Premier League Profitability and Sustainability Regulations as well as the UEFA Profitability and Sustainability Regulations which were both amended to take into account COVID.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2022 (continued)

Principal risks and uncertainties (continued)

Financial Fair Play (continued)

The Club reviews its compliance with these regulations at the time of setting its budgets and at all relevant situations where a decision may be taken that would have a material impact on that compliance. UEFA have introduced new rules which apply to seasons from 22-23 onwards and the Premier League are in the process of developing their own sets of rules which are expected to be adopted and to apply from season 24-25. These rules all serve to limit the level of investment and consequent potential losses of Clubs competing in the respective competitions.

The Directors are confident the Club will continue to comply with the Premier League Sustainability and Profitability requirements and the UEFA licencing requirements in the 2022/23 season.

Employees

The Company's performance depends largely on its footballing and non-footballing 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 marketplace and has employee management procedures in place that are designed to retain key individuals.

The Company continues its policy of keeping its employees informed on a regular basis of matters concerning them as employees and on financial and economic factors affecting the performance of the Company.

Business environment

The Company operates in a challenging business environment/industry sector where turnover can reduce 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.

The Club now purchases and sells players in multiple currencies. Where the Club has material assets or liabilities in the future the Club reviews its net exchange risk position and where necessary enters into hedging arrangements.

On behalf of the Board

DocuSigned by:

00B74C38D73C4BC...
Susan Whelan
Chief Executive
3 March 2023

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2022

The directors present their report and the audited consolidated financial statements for the year ended 31 May 2022.

Future developments

The future developments of the Club are detailed within the strategic report on pages 5 to 6.

Engagement with employees, suppliers, customers and other stakeholders

Engagement with employees, suppliers, customers and other stakeholders are detailed within the strategic report on pages 6 to 8.

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, exchange 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 weekly 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 it will not require the repayment of any amounts owing that will lead to the Club requiring further external funding.

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 11.

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; and
- Personal credit is only given in controlled circumstances with direct debit systems, and compliance with agreed payments rigorously monitored.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2022 (continued)

Exchange rate risk

The Company manages its exchange risk by reviewing its net asset and liability exposure in various currencies and where it is believed that net exposure needs to be hedged the Club enters into forward hedging contracts.

Going concern

The Company was loss making at an operating level in the 2021/22 financial year and has a net current liabilities position at the year end.

The directors have considered the working capital requirements of the Company for the short, medium and longer term including investment in and the cost of the playing squad and the Club's long term capital projects. As part of their considerations 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 external banks, proceeds from player trading and/or the holding company, King Power International Limited and/or its ultimate shareholders.

Since the year end the Company has entered into a short term discounting facility with Macquarie bank to bring forward the proceeds from the sale of Wesley Fofana.

On 31st December 2022 King Power International converted £194m of loans and accrued interest into Ordinary share capital to strengthen the Club's balance sheet and reduce the associated interest cost.

The Club drew down the final £7.5m of its £42.5m facility from its holding company King Power International in February 2023. The Club continues to hold a further two 5 year standby loan facilities for a total of £58.0m with King Power International to finance the working capital requirements of the Club for the next 12 months, of which £8.5m was drawn in February 2023.

The Directors have also considered the Club's cashflow requirements in a severe but plausible scenario. To cover the working capital needs of the Club in that scenario the Club has access to the £49.5m remaining undrawn elements of its £35m and £23m standby facilities with King Power International which can be which can be further called on if necessary to support the Club's cash flow in the unlikely event that all these negative events come to pass.

Sensitivities considered in the forecasts included variances in finishing position, net player transfer spend and the non-availability of future banking facilities. The Company continues to hold its four year loan facility with Macquarie Bank and is in compliance with the facility covenants. The Club is also in discussions to extend this facility for a further two years.

The Board, of which two members are the majority shareholders of the Club's ultimate controlling party, have received confirmation that the ultimate holding Company will provide further funding where necessary to meet the requirements of the Company for the next 18 months.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2022 (continued)

Going concern (continued)

Further King Power International has confirmed that existing liabilities will not be called in for the foreseeable future and not less than 12 months from the date of approval of these consolidated financial statements.

Based on the above the Directors therefore have a reasonable expectation that the necessary funding will be available when required and the consolidated financial statements have therefore been prepared on a going concern basis.

Dividend

No dividends will be distributed for the year ended 31 May 2022 (2021: Nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the consolidated financial statements were:

Aiyawatt Srivaddhanaprabha (Chairman)
Apichet Srivaddhanaprabha (Vice Chairman)
Shilai Liu (Vice Chairman)
Susan Whelan

Directors' indemnity insurance

The company maintained during the year and maintains as at the date of this report qualifying 3rd party indemnities through Directors and Officers liability insurance for all of its directors against liabilities which may be incurred by them whilst acting as Directors or officers.

Employees

Employment policies are described in the strategic report on page 8.

Disabled persons

The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the Company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available and any necessary training is arranged. Disabled employees are treated equally with all employees in respect of their eligibility for training, career development and promotion.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2022 (continued)

Charitable donations

The Company has made total charitable donations in the year of £1,210,000 (2021: £36,000).

Each year the Club supports various charities through its own charity, the Vichai Srivaddhanaprabha Foundation (formerly the LCFC Foxes Foundation). The Club provides free administration, management and accounting support.

The Club normally also has several match-day collections during every season. Collections for St John's Ambulance, The Royal British Legion and the Vichai Srivaddhanaprabha Foundation were curtailed in Season 20/21 because of COVID, however these resumed during the 2021/22 season.

The Company also supports Leicester City Football Club Trust, a charitable trust aimed at the promotion and provision of sport, education, health and football services for the community in the City of Leicester and in the Counties of Leicestershire and Rutland. The Club contributed significant in kind contributions during the year.

Subsequent events

Since the year end the Club has invested £0.9m in its facilities.

Since the year end the Company has entered into a short term discounting facility with Macquarie bank to bring forward the proceeds from the sale of Wesley Fofana.

On 31st December 2022 King Power International converted £194m of its loan facilities and associated interest into equity. This has strengthened the balance sheet of the Club, uplifted its net assets and demonstrated the shareholders' commitment to support the Club.

Since 31 May 2022 the Club has contracted for the purchase, sale and loan of various players during the summer 2022 and January 2023 transfer windows, including entering into a short term discounting facility with Macquarie bank to bring forward the proceeds from the sale of Wesley Fofana. The net income of these transactions, taking into account the applicable levies and contingent fees but excluding value added tax, is £9.9m (2021: cost £52.9m). These transfers and costs will be accounted for in the year ending 31 May 2023.

The Club and K Power Holdings have also entered into a three year extension on the Stadium purchase agreement and lease under which LCFC holds the right to acquire the freehold title to the King Power Stadium (and under which the stadium continues to be leased to the Club by K Power Holdings pending such acquisition). This extension also restates the previously agreed arrangement under which the payment of consideration for the eventual purchase of the stadium may continue to be deferred (subject to an annual interest charge) until no later than the end of the extended agreement.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2022 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and Consolidated financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Leicester City Football Club Limited

**Directors' report
for the year ended 31 May 2022 (continued)**

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

DocuSigned by:

Susan Whelan

00874C38D73C48C

Susan Whelan

Chief Executive

3 March 2023

Registered number: 04593477

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

Report on the audit of the financial statements

Opinion

In our opinion, Leicester City Football Club Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2022 and of the group's and company's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Consolidated financial statements (the "Annual Report"), which comprise: the Consolidated and Company Balance sheets as at 31 May 2022; the Consolidated Profit and loss account, the Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity and the Consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 May 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the risk surrounding non-compliance with the Financial Fair Play (FFP) regulations imposed by UEFA and the Profit and Sustainability Rules (PSR) by the FA Premier League, as well as UK employment and payroll tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the financial statements and FFP and PSR submissions through journal entries, and bias shown in judgements and estimates to further manipulate the above. Audit procedures performed by the engagement team included:

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

- Testing journal entries through a risk-based approach, targeting journals exhibiting unusual account combinations, particularly those crediting revenue with unexpected offsetting accounts, and those which debit expense codes for items that are allowable under the FFP rules;
- Discussions with management and the in house legal team in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Obtaining PSR and FFP calculations, agreeing inputs to supporting evidence and reviewing submissions to ensure compliance;
- Review of the financial statements for disclosures required by both the Companies Act 2006 and the accounting standards;
- Testing of significant estimates and judgements which affect the financial statements, verifying the underlying data and accuracy of the models used and challenge of alternative viewpoints that could feasibly be adopted; and
- Incorporating elements of unpredictability into the nature, timing and extent of testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

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

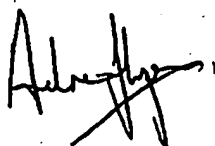
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Lyon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
6 March 2023

Leicester City Football Club Limited

Consolidated Profit and loss account for the year ended 31 May 2022

	Note	2022 £'000	2021 £'000
Turnover	2	214,590	226,204
Cost of sales		(275,784)	(276,876)
Gross loss		(61,194)	(50,672)
Administrative expenses		(22,306)	(17,522)
Other operating income		700	2,500
Loss on disposal of fixed assets	3	(17)	(13)
Profit on disposal of player registrations	3	9,206	43,861
Operating loss	3	(73,611)	(21,846)
Interest receivable and similar income	4	431	748
Interest payable and similar expenses	4	(19,316)	(11,999)
Net interest payable	4	(18,885)	(11,251)
Loss before taxation		(92,496)	(33,097)
Tax on loss	6	-	1,892
Loss for the financial year		(92,496)	(31,205)

The above is in relation to continuing activities.

Consolidated statement of comprehensive income for the year ended 31 May 2022

	Note	2022 £'000	2021 £'000
Loss for the financial year		(92,496)	(31,205)
Other comprehensive income			
Deferred tax current year charge	6	-	(1,892)
Revaluation Surplus	8	8,169	-
Total comprehensive expense for the year		(84,327)	(33,097)

Leicester City Football Club Limited

Consolidated Balance sheet as at 31 May 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	7	162,492	174,484
Tangible assets	8	196,991	187,042
		359,483	361,526
Current assets			
Inventories		544	670
Debtors (including amounts due after one year of £3,738,000 (2021: £Nil))	10	48,183	55,495
Cash at bank and in hand		34,222	50,865
		82,949	107,030
Creditors: amounts falling due within one year	11	(143,552)	(212,630)
Net current liabilities		(60,603)	(105,600)
Total assets less current liabilities		298,880	255,926
Creditors: amounts falling due after more than one year	12	(343,738)	(216,457)
Net (liabilities) / assets		(44,858)	39,469
Capital and reserves			
Called up share capital	14	112,756	112,756
Share premium account	15	8,475	8,475
Revaluation reserve	15	40,026	31,530
Profit and loss account	15	(206,115)	(113,292)
Total shareholders' (deficit) / funds		(44,858)	39,469

The notes on pages 30 to 58 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 23 to 58 were approved by the board of directors on 3 March 2023 and signed on its behalf by:

DocuSigned by:
Susan Whelan
00B74C38D73C4BC

Susan Whelan
Chief Executive

Registered number: 04593477

Leicester City Football Club Limited

Company Balance sheet as at 31 May 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	7	162,472	174,480
Tangible assets	8	196,974	187,028
Investments	9	-	-
		359,446	361,508
Current assets			
Inventories		544	670
Debtors (including amounts due after one year of £3,738,000 (2021: £Nil))	10	52,536	57,114
Cash at bank and in hand		34,132	50,755
		87,212	108,539
Creditors: amounts falling due within one year	11	(143,397)	(212,569)
Net current liabilities		(56,185)	(104,030)
Total assets less current liabilities		303,261	257,478
Creditors: amounts falling due after more than one year	12	(343,738)	(216,457)
Net (liabilities) / assets		(40,477)	41,021
Capital and reserves			
Called up share capital	14	112,756	112,756
Share premium account	15	8,475	8,475
Revaluation reserve	15	40,026	31,530
Profit and loss account	15	(201,734)	(111,740)
Total shareholders' (deficit) / funds		(40,477)	41,021

The Company's loss for the financial year amounted to £81,498,000 (2021: £31,545,000).

The notes on pages 30 to 58 are an integral part of these financial statements.

The financial statements on pages 23 to 58 were approved by the board of directors on 3 March 2023 and signed on its behalf by:

DocuSigned by:
Susan Whelan
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Susan Whelan
Chief Executive

Registered number: 04593477

Leicester City Football Club Limited

Consolidated statement of changes in equity for the year ended 31 May 2022

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders funds/(deficit) £'000
Balance as at 1 June 2020	112,756	8,475	31,530	(80,195)	72,566
Loss for the financial year	-	-	-	(31,205)	(31,205)
Other comprehensive expense for the year	-	-	-	(1,892)	(1,892)
Balance as at 31 May 2021	112,756	8,475	31,530	(113,292)	39,469
Loss for the financial year	-	-	-	(92,496)	(92,496)
Other comprehensive income for the year	-	-	8,169	-	8,169
Transfer to profit and loss account	-	-	327	(327)	-
Balance as at 31 May 2022	112,756	8,475	40,026	(206,115)	(44,858)

Leicester City Football Club Limited

Company statement of changes in equity for the year ended 31 May 2022

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders funds/(deficit) £'000
Balance as at 1 June 2020	112,756	8,475	31,530	(80,195)	72,566
Loss for the financial year	-	-	-	(29,653)	(29,653)
Other comprehensive expense for the year	-	-	-	(1,892)	(1,892)
Balance as at 31 May 2021	112,756	8,475	31,530	(111,740)	41,021
Loss for the financial year	-	-	-	(89,667)	(89,667)
Other comprehensive income for the year	-	-	8,169	-	8,169
Transfer to profit and loss account	-	-	327	(327)	-
Balance as at 31 May 2022	112,756	8,475	40,026	(201,734)	(40,477)

The accounting policies and the notes on pages 30 to 58 form part of these financial statements.

Leicester City Football Club Limited

Consolidated cash flow statement for the year ended 31 May 2022

	2022 £'000	2021 £'000
Cash flow from operating activities (note a)	(28,529)	17,076
Taxation received	-	-
Net cash flow (used in) / generated from operating activities	(28,529)	17,076
Cash flow from investing activities		
Purchase of tangible fixed assets	(8,954)	(35,695)
Purchase of intangible fixed assets	(45,579)	(79,257)
Sale of tangible fixed assets	4	37
Sale of intangible fixed assets	25,181	55,014
Interest received	-	-
Net cash used in investing activities	(29,348)	(59,901)
Cash flow from financing activities		
Loan amounts received	115,000	97,023
Repayment of external loans	(68,055)	(41,500)
Interest paid	(5,711)	(2,996)
Net cash generated from financing activities	41,234	52,527
Net (decrease) / increase in cash and cash equivalents	(16,643)	9,702
Cash and cash equivalents at start of year	50,865	41,163
Cash and cash equivalents at end of year	34,222	50,865
Cash and cash equivalents consists of:		
Cash at bank and in hand	34,222	50,865
Cash and cash equivalents	34,222	50,865

Leicester City Football Club Limited

Notes to the cash flow statement for the year ended 31 May 2022

a) Reconciliation of loss for the financial year to cash flow from operating activities

	2022 £'000	2021 £'000
Loss for the financial year	(92,496)	(31,205)
Tax on loss	-	(1,892)
Net interest payable	18,885	11,251
Operating loss before interest and taxation	(73,611)	(21,846)
Amortisation and impairment charge	74,918	72,817
Depreciation charge	7,153	4,798
Profit on disposal of tangible and intangible fixed assets	(9,189)	(43,861)
Decrease / (increase) in inventories	126	(158)
(Increase) / decrease in debtors	(3,970)	1,891
(Decrease) / increase in creditors	(23,956)	3,435
Cash flow from operating activities	(28,529)	17,076

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

	2022 £'000	2021 £'000
(Decrease) / Increase in cash in the year	(16,643)	9,702
Cash inflow from changes in debt	(41,688)	(52,496)
Change in net debt from cash flows	(58,331)	(42,794)
Other non-cash changes	(15,868)	(12,776)
Movement in net debt in the year	(74,199)	(55,570)
Opening net debt	(217,132)	(161,562)
Closing net debt	(291,331)	(217,132)

c) Analysis of net debt

	2021 £'000	Cash flow £'000	Other non- cash movements £'000	2022 £'000
Cash at bank and in hand	50,865	(16,643)	-	34,222
	50,865	(16,643)	-	34,222
Debt due within one year	(69,231)	63,288	(4,647)	(10,590)
Debt due after one year	(180,089)	(104,976)	(9,726)	(294,791)
Hire purchase liabilities	(18,677)	-	(1,495)	(20,172)
Total debt	(267,997)	(41,688)	(15,868)	(325,553)
Net debt	(217,132)	(58,331)	(15,868)	(291,331)

Non cash movements relate to £11,221,000 accrued interest on amounts owed to group undertakings and £4,647,000 on bank loans.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022

1 Accounting policies

General information

Leicester City Football Club Limited ('the Company') is a private company limited by shares. The principal activity of the company continues to be the operation of a professional football team.

The Company is incorporated and registered in England, UK. The address of its registered office is King Power Stadium, Filbert Way, Leicester, LE2 7FL.

Statement of compliance

The consolidated financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Exemptions for qualifying entities under FRS 102 1.11

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the company key management personnel compensation as required by FRS 102 paragraph 33.7.

Summary of significant accounting policies

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

Basis of preparation

The consolidated financial statements have been prepared on the going concern basis, under the modified historical cost convention as modified by the revaluation of certain assets, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

1 Accounting policies (continued)

Basis of preparation (continued)

The preparation of consolidated financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are also disclosed in this note.

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 May each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Business combinations are accounted for under the purchase method. Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements. Where the subsidiary reporting period differs from the Group the figures are adjusted to reflect the same accounting period. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

1 Accounting policies (continued)

Business combinations and goodwill (continued)

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised

Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Going concern

As part of their considerations 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 external banks, proceeds from player trading and / or the holding company, King Power International Limited and or its ultimate shareholders.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

1 Accounting policies (continued)

Going concern (continued)

Since the year end the Company has entered into a short term discounting facility with Macquarie bank to bring forward the proceeds from the sale of Wesley Fofana.

On 31st December 2022 King Power International converted £194m of loans and accrued interest into Ordinary share capital to strengthen the Club's balance sheet and reduce the associated interest cost.

The Club drew down the final £7.5m of its £42.5m facility from its holding company King Power International in February 2023. The Club continues to hold a further two 5 year standby loan facilities for a total of £58.0m with King Power International to finance the working capital requirements of the Club for the next 12 months, of which £8.5m was drawn in February 2023.

The Directors have also considered the Club's cashflow requirements in a severe but plausible scenario including the impact of inflation and interest rates. To cover the working capital needs of the Club in that scenario the Club has access to the £49.5m remaining undrawn elements of its £35m and £23m standby facilities with King Power International which can be which can be further called on if necessary to support the Club's cash flow in the unlikely event that all these negative events come to pass.

Sensitivities considered in the forecasts included variances in finishing position, net player transfer spend and the non availability of future banking facilities. The Company continues to hold its four year loan facility with Macquarie Bank and is in compliance with the facility covenants. The Club is also in discussions to extend this facility for a further two years.

The Board, of which two members are the majority shareholders of the Club's ultimate controlling party, have received confirmation that the ultimate holding Company will provide further funding where necessary to meet the requirements of the Company for the next 18 months. Further King Power International has confirmed that existing liabilities will not be called in for the foreseeable future and not less than 12 months from the date of approval of these consolidated financial statements.

Based on the above the Directors therefore have a reasonable expectation that the necessary funding will be available when required and the consolidated financial statements have therefore been prepared on a going concern basis.

Turnover

Turnover represents the value of goods delivered and services provided by the Company during the period (stated net of value added tax). Season tickets (recognised within Gate receipts) and Sponsorship and advertising income received prior to the period end in respect of the following football season is treated as deferred income and recognised over the season to which it relates.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

1 Accounting policies (continued)

Turnover (continued)

Broadcasting rights and other distributions from the FA Premier League, UEFA in relation to the Champions League, Europa League, Europa Conference League, sponsorship and advertising income are recognised in the profit and loss account in the relevant financial period for the season to which the income relates including any rebate relating to that income. Turnover relating to the Club's finishing league position is recognised in line with expectations at the reporting date. Turnover relating to televised matches is recognised by the total number of televised matches confirmed for the season, spread evenly across the ten months of the season. Remaining distributions from the Premier League are also recognised evenly across the ten months of the season.

Commercial turnover comprises amounts receivable from the utilisation of the Leicester City brand through sponsorship and other commercial agreements, including minimum guaranteed turnover and fees generated by the Leicester City first team promotional tours. Minimum guaranteed turnover is recognised over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship benefits enjoyed by the individual sponsor. In instances where the sponsorship rights remain the same over the duration of the contract, turnover is recognised on a straight-line basis. Any additional revenue above the guaranteed element is recognised when the contractual obligation has been achieved.

All other income is recognised on the provision of the service or transfer of economic benefit. Where income has been earned but has not been received at the year end it is recognised as accrued income.

Employee Benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i. Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined contribution pension plans

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.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

1 Accounting policies (continued)

Employee Benefits (continued)

iii. Defined benefit pension plans

Certain of the Company's employees and ex-employees are members of the Football League Limited Pension and Life Assurance Scheme (FLPLAS), a defined benefit scheme. As the Company is one of a number of participating employers in FLPLAS 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 17.

Intangible fixed assets

The Club follows the liability model where the fair value of the asset is capitalised with changes to the valuation added to the asset when necessary. The fair value of the cost of player registrations is capitalised as an intangible asset and amortised over the period of the respective player's contract. The fair value of 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. Capitalised costs in relation to contingent fee elements are expensed to the profit and loss account when the contingent event can no longer be achieved.

Goodwill arising on acquisition of a subsidiary or trading business is quantified as the difference between the fair value of consideration and the fair value of the separately identifiable assets and liabilities acquired. Goodwill is capitalised and reviewed annually for impairment, but is now fully amortised or provided.

Computer Software and associated development costs are also capitalised as Intangible assets and are amortised over their useful life. Rates applied are between 20% - 33% per annum.

Player Sales and loan income

Profit on sale of player registrations and fees in relation to the temporary transfer of player registrations are recognised at fair value during the period in which the transaction takes place. The profit is stated net of all disposal costs and after releasing any unrealised provisions relating to the players registration. Reimbursement of player salaries during the temporary registration period is deducted from cost of sales reducing net player employment costs.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

1 Accounting policies (continued)

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.

The Company adopts a revaluation policy for its stadium and Belvoir Drive training ground, and an assessment is made at each period end to ensure that the carrying amount does not differ materially from that which would be determined using fair value. With effect from 31 May 2009, the stadium is revalued by professional qualified valuers every five years, with an interim valuation after three years. The stadium is valued on a depreciated replacement cost basis as no genuine market exists for such an asset. The Belvoir Drive training ground has been valued on an existing use market value basis with an element of leasehold improvements for part of the site valued at depreciated replacement cost. Both the Stadium and the Belvoir Drive training ground were revalued as at 31 May 2022 in line with the interim valuation carried out.

Before transitioning to FRS 102, the company adopted a policy of revaluing freehold land and buildings and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from revaluation reserve to retained earnings.

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 / other land & buildings	-	2% per annum
Seagrave training ground	-	2% - 10% per annum
Fixtures, fittings, plant & equipment	-	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 102, section 27, Impairment of Assets. 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.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

1 Accounting policies (continued)

Impairment (continued)

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.

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.

Inventories

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

Cash

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

1 Accounting policies (continued)

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.

Financial instruments

The company has chosen to adopt sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rates of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts due to fellow group undertakings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

1 Accounting policies (continued)

Borrowing costs.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Taxation

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the Company and consolidated financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in consolidated financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities recognised on the movement in the fair value of tangible fixed assets is recognised within other comprehensive income.

Related party transactions

The company discloses transactions with related parties which are both wholly and not wholly owned with the same group.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

1 Accounting policies (continued)

Critical accounting judgements and estimation uncertainty

We believe that the following accounting policies reflect the most critical judgments, estimates and assumptions and are significant to the consolidated financial statements.

Valuation of tangible assets

The Company adopts a revaluation policy for its stadium and Belvoir Drive training ground, and an assessment is made at each period end to ensure that the carrying amount does not differ materially from that which has been determined using fair value. A professional valuation is undertaken at regular intervals with the stadium and Belvoir training ground revalued at that date. In the interim periods, the Directors undertake their own assessment of the valuation based on factors they deem appropriate, and will impair the assets where necessary. Where an indication that the fair value may have changed materially is identified the estimation of recoverable value requires estimation of the existing use value of the assets. Due to the specialised nature of the stadium, Depreciated Replacement Cost has been used as a more reliable estimate of fair value, with Belvoir Drive training ground being held at market value. No change is anticipated for the next 12 months.

Recognition of contingent transfer fees

The costs associated with the acquisition of players' registrations are capitalised as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the individual's registration. The estimate of the fair value of the contingent consideration payable requires management to assess the likelihood of specific performance conditions being met which would trigger the payment of the contingent consideration such as the number of player appearances. This assessment is carried out on an individual basis. The assessment of when contingent fees become probable is an estimate that may give rise to a material change in the value of capitalised player registrations. The maximum amount that is potentially payable and the amount that is currently provided is detailed in note 18.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

2 Turnover

All turnover is derived from the Group's principal activity in the United Kingdom, is analysed as follows:

	2022 £'000	2021 £'000
Broadcasting rights	129,824	170,826
UEFA club competitions	21,513	13,679
Sponsorship and advertising	30,805	33,634
Gate receipts	21,028	552
Commercial turnover	8,480	6,256
Other income	2,940	1,257
	214,590	226,204

£27.6m of Broadcasting rights and £5.3m of Sponsorship and advertising relating to the 2019/20 season was deferred into the 2020/21 financial year due to the delay in the conclusion of the 2019/20 football season arising from COVID.

3 Operating loss

Operating loss is stated after charging/(crediting):

	2022 £'000	2021 £'000
Operating leases		
- plant and machinery	73	120
Depreciation:		
- owned tangible fixed assets	6,169	3,814
- assets held under finance leases and hire purchase contracts	984	984
Foreign exchange gains	(603)	(1,833)
Amortisation of intangible assets	72,325	71,953
Impairment of intangible assets	2,593	864
Impairment of Goodwill arising on acquisition of LCWFC	-	70
Impairment of trade receivables	86	707
Impairment of inventory	75	3
Loss on disposal on tangible fixed assets	17	13
Profit on disposal on intangible fixed assets	(9,206)	(43,861)
Auditors' remuneration		
- audit of the Company's annual consolidated financial statements	65	54
- Audit of subsidiaries annual financial statements	13	12
- non-audit services – interim accounts	16	13
- non-audit services – tax advisory & compliance	37	75

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

4 Net interest payable

	2022 £'000	2021 £'000
Interest payable and similar expenses:		
Bank loans and overdrafts	9,726	2,797
Hire purchase contracts	1,494	1,383
Interest on transfer fees payable	2,994	1,761
Interest payable to group undertakings	5,005	6,058
Other interest payable	97	-
	19,316	11,999
Interest receivable and similar income:		
Bank interest receivable	-	-
Interest on transfer fees receivable	(431)	(748)
	(431)	(748)
Net interest payable	18,885	11,251

5 Staff costs

The Group:

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

	2022 Number	2021 Number
Players	81	77
Administration	386	358
	467	435

In addition, the Group employed on average 530 (2021: 295) casual staff on match days.

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

	2022 £'000	2021 £'000
Wages and salaries	148,403	158,794
Benefits in kind	10,699	9,408
Social security costs	22,057	23,239
Other pension costs (note 17)	814	647
	181,973	192,088

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

5 Staff costs (continued)

The Company:

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

	2022 Number	2021 Number
Players	60	59
Administration	373	350
	433	409

In addition, the Company employed on average 511 (2021: 286) casual staff on match days.

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

	2022 £'000	2021 £'000
Wages and salaries	147,098	158,071
Benefits in kind	10,596	9,350
Social security costs	21,934	23,177
Other pension costs	777	628
	180,405	191,226

The Group and Company:

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

	2022 £'000	2021 £'000
Aggregate emoluments	303	259
Pension contributions	24	23
	327	282

The aggregate emoluments of the highest paid director were £327,000 (2021: £282,000) and one of the directors was accruing benefits under a defined contribution pension scheme (2021: one).

	2022 £'000	2021 £'000
Key management compensation		
Salaries and other short-term benefits	303	259
Post-employment benefits	24	23
	327	282

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

6 Tax on loss

	2022 £'000	2021 £'000
UK corporation tax		
- adjustments in respect of prior periods	-	-
Total current tax	-	-
Deferred tax		
- origination and reversal of timing differences	(1,747)	(59)
- adjustments in respect of prior periods	2,299	41
- effect of changes in tax rate	(552)	(1,874)
Total deferred tax (note 13)	-	(1,892)
Tax on loss	-	(1,892)

The standard rate of tax for the year ended 31 May 2022 is based on the UK standard rate of 19% (2021: 19%). The actual charge for the year is higher than the standard rate for the reasons set out in the following reconciliation:

	2022 £'000	2021 £'000
Loss before taxation	(92,496)	(33,097)
Loss before taxation at standard UK tax rate of 19% (2021: 19%)	(17,574)	(6,288)
Effects of:		
Expenses not deductible	1,478	702
Adjustment from previous periods	2,299	41
Tax rate changes	(552)	(1,874)
Deferred tax not recognised	14,349	5,527
Total tax credit for the year	-	(1,892)

Changes to the UK tax rates were substantively enacted by Finance Bill 2021 (on 24 May 2021). These included an increase in the standard corporation tax rate from 19% to 25% from 1 April 2023. Deferred tax balances have been remeasured accordingly where appropriate. The impact of the change in rate has been to increase the deferred tax asset relating to tax losses and other timing differences by £552,000. In addition, the deferred tax liability on the revaluation of the stadium has increased by £552,000.

The deferred tax credit for the period mainly arises as a result of increased tax losses carried forward as a result of losses arising in the current year.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

7 Intangible assets

The Group:	Player registrations £'000	Computer Software £'000	Goodwill £'000	Total £'000
Cost				
At 1 June 2021	368,289	1,751	4,336	374,376
Additions	67,130	58	-	67,188
Acquisitions	-	-	-	-
Disposals	(33,415)	-	-	(33,415)
At 31 May 2022	402,004	1,809	4,336	408,149
Accumulated amortisation				
At 1 June 2021	193,984	1,572	4,336	199,892
Charge for the year	72,200	125	-	72,325
Impairment	2,593	-	-	2,593
Disposals	(29,153)	-	-	(29,153)
At 31 May 2022	239,624	1,697	4,336	245,657
Net book amount				
At 31 May 2022	162,380	112	-	162,492
At 31 May 2021	174,305	179	-	174,484

The purchased goodwill at 1 June 2022 arose as a result of the acquisition of the trade and certain assets and liabilities of Leicester City Football Club in 2003 as well as a result of the acquisition of Leicester City Women Football Club Limited in August 2020.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

7 Intangible assets (continued)

The Company:	Player registrations £'000	Computer Software £'000	Goodwill £'000	Total £'000
Cost				
At 1 June 2021	368,277	1,751	4,266	374,294
Additions	67,096	58	-	67,154
Disposals	(33,415)	-	-	(33,415)
At 31 May 2022	401,958	1,809	4,266	408,033
Accumulated amortisation				
At 1 June 2021	193,976	1,572	4,266	199,814
Charge for the year	72,182	125	-	72,307
Impairment	2,593	-	-	2,593
Disposals	(29,153)	-	-	(29,153)
At 31 May 2022	239,598	1,697	4,266	245,561
Net book amount				
At 31 May 2022	162,360	112	-	162,472
At 31 May 2021	174,301	179	-	174,480

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.

8 Tangible assets

The Group:	Stadium £'000	Seagrave Training Ground £'000	Other land and buildings £'000	Fixtures, fittings, plant & equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost or valuation							
At 1 June 2021	43,500	113,448	18,564	20,613	352	6,293	202,770
Additions	-	615	4,230	3,767	-	342	8,954
Surplus on Revaluation	2,000	-	3,015	-	-	-	5,015
Disposals	-	-	-	(33)	-	-	(33)
At 31 May 2022	45,500	114,063	25,809	24,347	352	6,635	216,706
Accumulated depreciation							
At 1 June 2021	1,968	1,351	329	8,138	147	3,795	15,728
Charge for the year	984	3,093	81	2,081	69	845	7,153
Revaluation	(2,952)	-	(202)	-	-	-	(3,154)
Disposals	-	-	-	(12)	-	-	(12)
At 31 May 2022	-	4,444	208	10,207	216	4,640	19,715
Net book amount							
At 31 May 2022	45,500	109,619	25,601	14,140	136	1,995	196,991
At 31 May 2021	41,532	112,097	18,235	12,475	205	2,498	187,042

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

8 Tangible assets (continued)

The Company:	Stadium £'000	Seagrave Training Ground £'000	Other land and buildings £'000	Fixtures, fittings, plant & equipment £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost or valuation							
At 1 June 2021	43,500	113,448	18,564	20,613	352	6,274	202,751
Additions	-	615	4,230	3,759	-	338	8,942
Surplus on Revaluation	2,000	-	3,015	-	-	-	5,015
Disposals	-	-	-	(33)	-	-	(33)
At 31 May 2022	45,500	114,063	25,809	24,339	352	6,612	216,675
Accumulated depreciation							
At 1 June 2021	1,968	1,351	329	8,138	147	3,790	15,723
Charge for the year	984	3,093	81	2,080	69	837	7,144
Revaluation	(2,952)	-	(202)	-	-	-	(3,154)
Disposals	-	-	-	(12)	-	-	(12)
At 31 May 2022	-	4,444	208	10,206	216	4,627	19,701
Net book amount							
At 31 May 2022	45,500	109,619	25,601	14,133	136	1,985	196,974
At 31 May 2021	41,532	112,097	18,235	12,475	205	2,484	187,028

Included within Other land and buildings is £9,800,000 relating to the Club's previous Belvoir Drive training ground, now utilised by LCWFC.

In accordance with the Club's accounting policy a property valuation was undertaken on 31 May 2019, by Savills plc, which valued the stadium at £43,500,000 on a market value current use basis as compared to the depreciated carrying value of £39,153,000 at that date. Included within this valuation is freehold land of £11,025,000 which is not depreciated. This valuation was carried out in accordance with the RICS appraisal and valuation manual.

An interim valuation was undertaken on 31 May 2022 by Savills plc which valued the stadium at £45,500,000 on a depreciated replacement cost basis as compared to the depreciated carrying value of £40,548,000. Included within this valuation is freehold land of £15,255,000.

If the stadium was stated on a historical cost basis, the amounts for cost, aggregate depreciation and net book amount respectively at 31 May 2022 would be £22,010,000 (2021: £22,010,000), £9,252,000 (2021: £8,623,000) and £12,758,000 (2021: £13,387,000).

The stadium is the subject of a hire purchase contract with K Power Holdings Company Limited, a related company. The repayment terms of the contract were contingent on the turnover associated with the League the Club plays in during the duration of the contract during the year and the payment profile of the contract been calculated based on the league status of the Club at the year end. Since the year end the hire purchase contract has been amended by the parties and now all amounts owing under this agreement are repayable on 30 June 2026.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

8 Tangible assets (continued)

Amounts payable under finance leases and hire purchase contracts are set out in note 11.

A valuation of the Club's Belvoir Drive training ground was also undertaken on 31 May 2019, by Savills plc, valuing the facility at £6,785,000 on a market value current use basis as compared to the depreciated carrying value of £4,024,000 at that date. Included within this valuation is freehold land of £4,500,000 which is not depreciated. This valuation was carried out in accordance with the RICS appraisal and valuation manual.

An interim valuation was undertaken on 31 May 2022 by Savills plc which valued the Club's Belvoir Drive training ground at £9,800,000 consisting of a market value current use basis of £5,700,000 for the main building and freehold land as well as £4,100,000 for the leasehold improvements on the leased element of the site on a depreciated replacement costs basis. This compares to the depreciated carrying value of £6,583,000. Included within this valuation is freehold land of £900,000.

If the Belvoir Drive training ground was stated on a historical cost basis, the amounts for cost, aggregate depreciation and net book amount respectively at 31 May 2022 would be £6,667,000 (2021: £6,667,000), £4,151,000 (2021: £3,716,000) and £2,516,000 (2021: £2,951,000).

Seagrave training ground is carried at historical cost as it was substantively completed in December 2020 and the Directors believe there would be no material difference to depreciated replacement cost.

Land included within "Other land and buildings" at a cost of £15,298,000 (2021: £11,068,000) is not depreciated.

9 Investments

	2022	2021
	£	£
Shares in subsidiary	3	3

On 21st August 2020 the Company directly acquired 100 shares representing 100% of the ordinary share capital of Leicester City Women Football Club Limited registered address King Power Stadium, Filbert Way, Leicester, Leicestershire, LE2 7FL, a company incorporated in the United Kingdom. The financial results of the entity are included in these consolidated financial statements.

The historic investment relates to Leicester City Media Limited, registered address King Power Stadium, Filbert Way, Leicester, Leicestershire, LE2 7FL, a wholly owned dormant company incorporated in the United Kingdom. The directors believe that the carrying value of the investments is supported by their underlying net assets.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

10 Debtors

The Group:	2022	2021
	£'000	£'000
Trade debtors	2,203	12,018
Amounts owed by group undertakings	10,745	6,160
Transfer fees receivable	7,815	19,528
Other debtors	6,049	2,526
Prepayments	15,964	13,630
Accrued income	5,407	1,633
	48,183	55,495

Trade Debtors are stated after provisions for impairment of £793,000 (2021: £707,000).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Transfer fees receivable includes £3,738,000 (2021: £Nil) falling due after more than one year.

Other debtors mostly comprises outstanding direct debit payments for 22/23 season tickets.

Gross transfer fees receivable before discounting are £8,052,000 (2021: £19,731,000).

The Company:	2022	2021
	£'000	£'000
Trade debtors	2,161	12,018
Amounts owed by group undertakings	15,144	7,783
Transfer fees receivable	7,815	19,528
Other debtors	6,049	2,526
Prepayments	15,960	13,626
Accrued Income	5,407	1,633
	52,536	57,114

Trade Debtors are stated after provisions for impairment of £793,000 (2021: £707,000).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Transfer fees receivable includes £3,738,000 (2021: £Nil) falling due after more than one year.

Other debtors mostly comprise outstanding direct debit payments for 22/23 season tickets.

Gross transfer fees receivable before discounting are £8,052,000 (2021: £19,731,000).

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

11 Creditors: amounts falling due within one year

The Group:	2022	2021
	£'000	£'000
Bank loans and overdrafts	10,590	69,231
Trade creditors	4,124	1,870
Transfer fees payable	35,840	26,810
Amounts owed to group undertakings:		
- subordinated loans and other amounts payable	20,659	19,646
- obligations under finance lease and hire purchase contracts	20,172	18,677
Taxation and social security	14,774	15,362
Other creditors	19,492	32,529
Deferred income	17,901	28,505
	143,552	212,630

Gross transfer fees payable before discounting are £37,840,000 (2021: £28,321,000).

The Subordinated loans and amounts owed to group undertakings are unsecured, repayable on demand whilst the obligations under hire purchase agreements are unsecured, repayable on demand and carry interest at 8%. The hire purchase agreement has been extended post year end and all amounts are now payable June 2026.

Other creditors include £10,299,000 payable to employees (2021: £19,901,000).

The Company:	2022	2021
	£'000	£'000
Bank loans and overdrafts	10,590	69,231
Trade creditors	4,110	1,852
Transfer fees payable	35,836	26,810
Amounts owed to group undertakings:		
- subordinated loans and other amounts payable	20,659	19,646
- obligations under finance lease and hire purchase contracts	20,172	18,677
Taxation and social security	14,737	15,340
Other creditors	19,406	32,505
Deferred income	17,887	28,508
	143,397	212,569

Gross transfer fees payable before discounting are £37,835,000 (2021: £28,321,000).

The Subordinated loans and amounts owed to group undertakings are unsecured, repayable on demand whilst the obligations under hire purchase agreements are unsecured, repayable on demand and carry interest at 8%. The hire purchase agreement has been extended post year end and all amounts are now payable June 2026.

Other creditors include £10,299,000 payable to employees (2021: £19,901,000).

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

12 Creditors: amounts falling due after more than one year

The Group:	2022 £'000	2021 £'000
Amounts falling due between one and five years:		
Bank loans	70,000	24
Amounts owed to group undertakings	224,791	180,065
Transfer fees payable	48,947	36,368
	343,738	216,457

Gross transfer fees payable before discounting are £49,846,000 (2021: £37,298,000).

Bank loans	2022 £'000	2021 £'000
Amounts payable:		
Within one year	10,590	69,231
Between one and two years	17,500	24
Between two to five years	52,500	-
	80,590	69,255

Amounts owed to group undertakings	2022 £'000	2021 £'000
Amounts payable:		
Within one year	40,831	38,323
Between one and two years	57,736	-
Between two to five years	167,055	180,065
	265,622	218,388

The Company:	2022 £'000	2021 £'000
Amounts falling due between one and five years:		
Bank loans	70,000	24
Amounts owed to group undertakings	224,791	180,065
Transfer fees payable	48,947	36,368
	343,738	216,457

Gross transfer fees payable before discounting are £49,846,000 (2021: £37,298,000).

Bank loans	2022 £'000	2021 £'000
Amounts payable:		
Within one year	10,590	69,231
Between one and two years	17,500	24
Between two to five years	52,500	-
	80,590	69,255

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

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

The Company (continued):

Amounts owed to group undertakings	2022 £'000	2021 £'000
Amounts payable:		
Within one year	40,831	38,323
Between one and two years	57,736	-
Between two to five years	167,055	180,065
	265,622	218,388

The bank loans are

- Barclays Bank plc: £24,000 secured on the freehold training ground and a freehold property. Interest is payable at 1.75% above the bank base rate and settled in full post year end.
- Macquarie Bank Limited: £80,000,000 secured on Premier League Receivables and bearing interest of 6.63%. £566,000 accrued interest was unpaid at 31 May 2022. This is repayable in instalments up to July 2026. There are EBITDA, net assets & net football liabilities covenants with which the Club complied as of November 2022, the last measurement date.

13 Provisions for liabilities

The Group and Company

Deferred tax

The deferred tax assets and liabilities provided and those unprovided, calculated at 25% (2021: 25%) are as follows:

	2022		2021	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	393	-	(541)	-
Stadium revaluation	(10,007)	-	(7,883)	-
Short term timing differences	7,490	364	5,404	-
Trading losses	2,124	31,850	3,020	10,458
	-	32,214	-	10,458

The net deferred tax asset expected to reverse in 2023 is £26,000. This relates to short term pension timing differences and accrued donations.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

14 Called up share capital

	2022 £'000	2021 £'000
Allotted, and fully paid		
Ordinary shares of £1 each		
2022 and 2021: 112,564,441 ordinary shares of £1 each	112,564	112,564
Redeemable shares of £1 each		
2022 and 2021: 1 redeemable share of £1	-	-
'A' shares of 1p each		
2022 and 2021: 19,138,432 'A' shares of 1p each	192	192
	112,756	112,756

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 consolidated financial statements for the year ended 31 May 2022 (continued)

15 Reserves

Profit and Loss account

Includes all current and prior period retained profits and losses.

Share premium account

Includes the excess of amounts paid to the Company for shares in excess of their nominal value less any cost of issue.

Revaluation reserve

The revaluation reserve arises from the difference between the valuation of the King Power Stadium and Belvoir Drive training Ground and their depreciated net book value on an historical cost basis as at 31st May 2022.

16 Financial Instruments

The group has the following financial instruments

	Note	2022 £'000	2021 £'000
Financial assets that are debt instruments measured at amortised cost			
- Trade debtors	10	2,203	12,018
- Transfer fees receivable	10	7,815	19,528
- Amounts owed by group undertakings	10	10,745	6,160
- Other debtors	10	6,049	2,526
		26,812	40,232
Financial liabilities measured at amortised cost			
- Bank loans	11	10,590	69,231
- Trade creditors	11	4,124	1,870
- Transfer fees payable	11	35,840	26,810
- Amounts owed to group undertakings: subordinated loans and other amounts payable	11	20,659	19,646
- obligations under finance lease and hire purchase contracts	11	20,172	18,677
- Other creditors	11	19,492	32,529
- Bank loans	12	70,000	24
- Transfer fees payable	12	48,947	36,368
- Amounts owed to group undertakings: subordinated loans and other amounts payable	12	224,791	180,065
		454,615	385,220

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

17 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. The pension cost charge represents contributions payable by the group to the funds and amounted to £708,522 (2021: £646,465).

Certain employees and 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 2020 and allocated £228,355 as the Club's share of the deficit as at 1 September 2020. The increase in the deficit arising from this revaluation of £105,550 is recognised in the profit and loss account for the year ended 31 May 2022. 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 £54,342 in the year (2021: £51,756). The assets of the scheme are held separately from those of the Company.

18 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 £33,515,000 (2021: £26,729,000) and £11,794,000 (2021: £9,921,000) respectively. £21,176,000 of the total potential fees and the associated Levy were provided for as at 31 May 2022 (2021: £17,305,000).

b) Capital commitments

At 31 May 2022, the Company had committed capital expenditure of £320,000 (2021: £2,168,000).

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

18 Contingencies and commitments (continued)

c) Competitions and Markets Authority

On 23rd September 2021 the Competitions and Markets Authority ("CMA") commenced an investigation into suspected breaches of competition law by the Club. The CMA has not reached a final view as to whether there is sufficient evidence of an infringement of competition law for it to issue a statement of objections or, ultimately, an infringement decision, to any party under investigation. The Club continues to cooperate with the CMA in respect of their investigation.

19 Related party transactions

The Group and Company owed £198,662,402 as at 31 May 2022 (2021: £154,559,409) to King Power International Limited, the Company's immediate parent undertaking. The movement in the year includes subordinated loans of £35,000,000 plus £9,116,667 interest on this and other subordinated loans of £136.5m as well as outstanding interest on a now fully repaid subordinated loan previously made to the Company. At the same date the Group and Company were owed £7,790,584 (2021: £3,177,986) by King Power International Limited for costs incurred in the running of the international education project and retail products supplied by the Company.

The Group and Company also had sponsorship agreements with King Power International Limited in relation to the acquisition of sponsorship and marketing inventory including the primary training wear sponsorship and the stadium naming rights for £4,495,200. £4,495,200 was outstanding at the 31st May 2022 (2021: £Nil).

The freehold interest in the Stadium is owned by K Power Holdings Company Limited, a company also controlled by King Power International Limited. The outstanding deferred purchase consideration payable by the Group and the Company under the hire purchase agreement stands at £20,171,655 as at 31 May 2022 (2021: £18,677,458). This obligation increases at 8% per annum and £1,494,197 (2021: £1,383,516) has accrued on the amount during the year. The Group and the Company also incurred costs on behalf of K Power Holdings Company Limited and the balance of £61,866 (2021: £61,866) remained unpaid at the year-end pending further agreement on the adjacent site.

The Group and the Company were previously party to a management agreement with K Power Sports Investments Limited where the Club was charged a management fee based on turnover for management services provided. The amount charged for the year to 31 May 2022 was Nil (2021: £3,500,000) and the balance outstanding at 31 May 2022 under this contract was £14,000,000 (2021: £14,000,000). Also at 31 May 2022 an amount of £350,000 (2021: £350,000) was owed to K Power Sports Investments Limited in relation to funds collected on their behalf.

The Company obtained a subordinated loan of £30,000,000 from its chairman Aiyawatt Srivaddhanaprabha and the balance of £31,410,556 (2021: 30,802,000) including interest remained outstanding at the year-end.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

19 Related party transactions (continued)

The Group and the Company also incurs costs on behalf of K Power Sports Investments Limited and the balance of £2,840,242 (2021: £2,622,906) remained outstanding at the year-end.

The Group and the Company also incurs costs on behalf of King Power Racing Co Limited and the balance of £39,049 (2021: £25,590) remained outstanding at the year-end

The Group and the Company previously incurred costs on behalf of Gadbridge Limited, a company with a common director and the balance of Nil (2021: £560) remained outstanding at the year-end.

The Group and the Company sold retail items to Multiply by Eight Co Ltd, a member of the King Power Group during the year and a balance of Nil (2021: £24,416) remained outstanding at the year-end. The Company also purchased retail items from Multiply by Eight Co Ltd and a balance of £7,609 (2021: Nil) remained outstanding at the year-end.

The Group and the Company also incurred costs on behalf of King Power Estates Limited, a company with a common director and the balance of £2,957 (2021: £2,957) remained outstanding at the year-end.

Since the acquisition of Leicester City Women Football Club Limited the Company has incurred costs on behalf of Leicester City Women Football Club Limited and the balance of £4,399,443 (2021: £1,622,798) remained outstanding at the year-end.

Following the June 2017 acquisition by King Power International Limited of OH Leuven CVBA, a Belgian football club competing in the Belgian First Division A, the Group and the Company has made sales of equipment to, and incurred costs on behalf of, OH Leuven CVBA. A balance of Nil (2021: £950) remained outstanding at the year-end. During the year the Club sold a player that had previously been on loan at OHL Leuven CVBA with the transfer agreement stating that LCFC take responsibility for the solidarity due to OH Leuven CVBA. The balance of £93,902 (2021: Nil) is reported within transfers fees receivable at the year end for both the Group and the Company.

During the year the Group and the Company provided free administration, management and accounting support to the Vichai Srivaddhanaprabha Foundation as well as collecting revenue, incurring costs and making donations on its behalf. A balance payable to the Foundation of £1,018,579 (2021: payable to the Group and Company: £213,777) remained outstanding at the year-end.

During the year the Group and Company also supported Leicester City Football Club Trust, donating Nil (2021: £42,500) as well as significant in kind contributions during the year. The Group and Company collected revenue and incurred costs on its behalf and a balance payable to the Group and Company of £9,982 (2021: £29,131) remained outstanding at the year-end.

Leicester City Football Club Limited

Notes to the consolidated financial statements for the year ended 31 May 2022 (continued)

20 Ultimate parent company and controlling party

The Company's immediate parent undertaking is King Power International Limited, a company incorporated in the Kingdom of Thailand. The ultimate parent and controlling party of King Power International Limited 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 is the smallest and largest Group to consolidate the financial statements and copies of these consolidated financial statements can be obtained from King Power Stadium, Filbert Way Leicester LE2 7AH.

21 Subsequent events

Since the year end the Club has invested £0.9m in its facilities.

On 31st December 2022 King Power International converted £194m of its loan facilities and associated interest into equity. This has strengthened the balance sheet of the Club, uplifted its net assets and demonstrated the shareholders' commitment to support the Club.

Since 31 May 2022 the Club has contracted for the purchase, sale and loan of various players during the summer 2022 and January 2023 transfer windows, including entering into a short term discounting facility with Macquarie bank to bring forward the proceeds from the sale of Wesley Fofana. The net income of these transactions, taking into account the applicable levies and contingent fees but excluding value added tax, is £9.9m (2021: cost £52.9m). These transfers and costs will be accounted for in the year ending 31 May 2023.

The Club and K Power Holdings have also entered into a three year extension on the Stadium purchase agreement and lease under which LCFC holds the right to acquire the freehold title to the King Power Stadium (and under which the stadium continues to be leased to the Club by K Power Holdings pending such acquisition). This extension also restates the previously agreed arrangement under which the payment of consideration for the eventual purchase of the stadium may continue to be deferred (subject to an annual interest charge) until the no later than the end of the extended agreement.