

**Leicester City Football Club Limited**  
**Annual report and Consolidated financial**  
**statements for the year ended 31 May 2021**  
**Registered number: 04593477**



# **Leicester City Football Club Limited**

## **Annual report and consolidated financial statements for the year ended 31 May 2021**

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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 2021**

The directors present their strategic report and the consolidated audited financial statements for the year ended 31 May 2021.

### **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"). This is the first set of consolidated accounts following the acquisition of Leicester City Women Football Club in August 2020.

### **Results**

The 2020/21 financial year for LCFC has been a unique period which included the last 9 games concluding the 19/20 football season, postponed by the 1st UK COVID 19 related lockdown as well as the full 20/21 football season. Almost all of these games were played behind closed doors as the Club along with the rest of world dealt with the continuing impact of COVID 19. The overall performance of the Club during the financial year, including finishing 5<sup>th</sup> in the Premier League twice (the Club's equal 2<sup>nd</sup> highest premier League finishes), and winning the FA Cup for the 1<sup>st</sup> time in the Club's history is evidence of the Club's ability to weather these challenging events with some success.

COVID 19 has impacted the Club's financial results during the year with the various lockdowns and restrictions on UK business in general and the Premier League specifically having both short term timing and longer term revenue reduction impacts. The Club has responded by careful cost and cash flow management but at all times has stood by its principles of being fair to its fans whilst protecting all its stakeholders including its staff and fans.

Despite the challenges arising from this uniquely challenging environment the long term investment into the sustainable development of the Club has continued. The industry leading new Seagrave training Ground was opened during the year and has already seen the Club win the FA Cup. Further investment continues both into the football squad and management team and into the possible expansion of the stadium and neighbouring site with plans announced to submit a planning application for the site in late 2021.

The Club made a Loss before taxation of £33.1m (2020: £67.3m loss). This loss has arisen principally due to the following reasons:

- The Lockdown related to COVID 19 led to matches being played behind closed doors for all but the last game of the season. The Premier League has also negotiated rebates with many of its broadcasters relating to the 19/20 season some of which were recognised in the 20/21 financial year. Of the final rebate incurred by the Premier League the Club has been allocated £11.5m and of that allocation 20% has been recognised in the 20/21 financial year in line with the Clubs policy for recognising the revenue over the months of the season where games are played.

# **Leicester City Football Club Limited**

## **Strategic report for the year ended 31 May 2021 (continued)**

### **Results (continued)**

- The Premier League funds distributed were also reduced by various effects of COVID 19 including the cost of COVID testing players, lost revenue from the collapse of the China broadcasting deal and contributions to rescuing Football League Clubs.
- Continued investment in the Clubs 1<sup>st</sup> team squad has contributed to an element of the loss.
- The FA reduced the FA Cup Prize money by 50% from the previous year due to the effects of COVID.
- UEFA reduced UEFA Cup payments from the previous years and also introduced a 4% clawback on revenue for the 20/21 season.

The Loss after tax for the financial year was £31.2m (2020: £60.1m loss).

On the pitch the Club won the FA Cup for the 1<sup>st</sup> time in its history and finished 5<sup>th</sup> in the Premier League for both seasons, qualifying for the Group stages of the Europa League for the 20/21 and 21/22 seasons. The Club qualified 1<sup>st</sup> from the Group stages of the Europa League in the 19/20 season but unfortunately exited the competition at the Round of 32 stage.

The turnover of the Club has increased to £226.2m from £150.0m in 2020. The majority of this increase is 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 being recognised in financial year 20/21. The Europa League also contributed significantly to the Club's growth in revenue and LCFC's success in the FA Cup also added about £3.5m to the previous years revenue. However the playing of games behind closed doors and the other financial impacts arising from COVID 19 as noted above as well as the recognition of 20% of the Club's allocation of the rebate due to broadcasters also reduced revenue below where it otherwise would have been.

Cost of sales increased by £28.4m to £276.9m (2020: £248.5m). This mostly arose from the timing difference arising from 20% of the player and management bonuses for the 2019/20 season being charged to the 2020/21 financial period. There was also a £6.3m decrease in the amortisation costs of player's registrations.

Administrative expenses decreased by £6.4m to £17.5m (2020: £23.9m) arising mainly from the settlement of a legal dispute being accounted for in 2020.

Net interest payable for the year increased to £11.3m (2020: £8.0m) mostly as a result of the completion of the Seagrave Training Ground leading to the property related debt interest now being expensed rather than capitalised 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 2021, player trading realised net profits of £43.9m (2020: £63.1m), arising principally from the disposal of the registration of Ben Chilwell.

# Leicester City Football Club Limited

## Strategic report for the year ended 31 May 2021 (continued)

### Results (continued)

King Power International (KPI) and the Srivaddhanaprabha family continue to provide the vision and support which has enabled to the Club to move forward and progress.

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 2021/22 season.

The Group had a net cash inflow for the year of £9.7m (2020: inflow of £29.7m) comprising a £17.1m cash inflow from operating activities (2020: inflow of £3.7m) and a net investment in tangible and intangible assets of £59.9m (2020: net investment of £91.5m). In the current year there was £52.5m net cash inflow from financing activities (2020: inflow of £117.4m) including a £30.0m working capital loan from Aiyawatt Srivaddhanaprabha, a £20.5m increase in the KPI training ground facility along with £46.5m increase in 3<sup>rd</sup> party loans, a £41.5m repayment of 3<sup>rd</sup> party loans and £3.0m interest repaid. No dividend has been paid in the year (2020: £nil).

Investment in tangible assets included £26.8m (2020: £70.5m) relating to the new training ground at Seagrave.

### Key performance indicators

	2021	2020
Average league attendance	-	32,061
Cash and equivalents at year end (£'000)	50,865	41,163
Staff costs (per note 5)/turnover expressed as a percentage	84.9%	105.0%
Operating profit / (loss) excluding player amortisation, impairments, and player trading (£'000)	6,928	(42,606)

Operating loss (2021: £21.8m, 2020: £59.3m) excluding player amortisation (2021: £71.8m, 2020: £77.8m), impairments (2021: £0.9m, 2020: £2m), and player trading (2021: £43.9m, 2020: £63.1m) is used to measure the Clubs underlying profitability before player trading.

## Leicester City Football Club Limited

### Strategic report for the year ended 31 May 2021 (continued)

#### Effects of COVID 19

COVID 19 has had some significant effects on the Club. Losses incurred in the last two financial years arising from COVID 19 include:

	19/20 £'000	20/21 £'000	Total Cost of COVID 19 £'000
Share of Premier League Broadcasting rebate 19/20 season	9,224	2,306	11,530
Share of other reductions in Premier League revenue arising from COVID 19	474	11,650	12,124
Refunds of and reductions in expected ticketing, hospitality and other revenue for the season	4,104	18,037	22,141
Specific additional costs arising from COVID 19 to May 20	48	223	271
Reduction in FA Cup Prize Money	-	3,414	3,414
UEFA Claw Back	-	534	534
<b>Total</b>	<b>13,850</b>	<b>36,164</b>	<b>50,014</b>

Reductions in expected ticketing, hospitality and other revenue for the 2 seasons are based on detailed predictions of earnings that would've been generated had the COVID 19 pandemic not occurred.

#### Asset values

At the year end there were 49 (2020: 58) players for which the cost of their player registration has been capitalised and that were still being amortised over the period of the respective player's contract. The combined net book value of these players is £174.3m as at 31 May 2021 (2020: £192.1m). An impairment provision of £0.9m has been recognised in 2021 against one specific player registration (2020: £2.0m) 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 2021, which includes those players where the market value exceeds their carrying values, is £483.6m (2020: £454.0m). The change in market value reflects the Club's investment in player's registrations of £64.4m, uplifts in players value based on performance offset by downward pressures on player valuations after the COVID 19 effect on the transfer values of non prime players.

The King Power Stadium is currently carried at £41.5m (2020: £42.5m), which reflects the current market value of the stadium based on an external valuation by Savills plc on 31 May 2020 and assessed by the Company's directors at 31 May 2021.

# **Leicester City Football Club Limited**

## **Strategic report for the year ended 31 May 2021 (continued)**

### **Future outlook**

The Club finished the 20/21 season in 5<sup>th</sup> position and qualified for the UEFA Europa League. This is expected to generate additional revenue for the Club in the 21/22 season. The 1<sup>st</sup> few games of the season have also been played in a full stadium with the lifting of the COVID 19 restrictions on attendances. The Club's on pitch performance in the Premier League continues to demonstrate the Club's ability to compete in the top half of the Premier League and to challenge for qualification for UEFA competitions. The Club aspires to continue to participate in European Football next season which will drive an further increase in turnover across the business. The Club intends to extend its challenge to the big 6 Clubs both on and off the pitch.

It has been publicly announced that the Club will be submitting an application for planning permission for the King Power Stadium expansion and associated masterplan in late 2021.

The Premier League has concluded deals for the majority of the TV and sponsorship properties 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 these deals is projected to at worst remain at similar levels over the next four seasons with areas for growth in international rights. The rebate payable in relation to the 19/20 season to the Premier League Broadcasters will lead to a reduced cash inflow from the Premier League in season 21/22 and 22/23 of around £10.1m in total compared to that originally forecast.

Despite the continuing effects of COVID 19 the Club is currently able to operate a full stadium and consequently match day income has returned to pre pandemic levels. The Club will clearly respond to any further developments in relation to COVID 19 as and when they happen.

The Club acquired 100% of the share capital of Leicester City Women Football Club Limited (LCWFC) in August 2020 and with the investment and support from LCFC they were promoted to the Women's Super League ("WSL") at the end of the 20/21 season with consequent growth in both revenue and costs. LCWFC also moved into the Belvoir Drive training ground in December 2020, providing them with some of the best facilities in the WSL.



## Leicester City Football Club Limited

### Strategic report for the year ended 31 May 2021 (continued)

#### Environmental

The Club has adopted a medium term plan to address the environmental impact it has: This plan includes the following aspects of the Clubs operations and does not focus on a single basic measure of environmental impact as overly simplistic and flawed. The plan includes:

- 1) Appropriate management of CO2 consumption by the Club;
- 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) Sourcing all Electricity from renewable sources;
- 4) Replacement of the King Power Stadium Flood lighting system and almost all internal lighting systems with LED based systems; and
- 5) Incorporation of new waste management protocols in the Club operations.

	2021	2020
UK energy use in kWh	16,567,507	12,215,030
GHG emissions associated with energy use (tCO2e)	3,525	2,748
Emissions intensity ratio - tCO2/m2 building area	0.06	0.07

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 the majority of lights being changed over to LED and the remaining light fittings will be changed over accordingly. The replacement of the current heating system with a heat plate exchange is being considered although this is yet to be completed. As part of our Electricity contracts, we are monitoring our usage (100% renewable energy) and target any areas of high usage. The payback for solar is currently too long so we have not opted to go for this option at this point but it remains under review.

The Club has followed the 2020 HM Government Environmental Reporting Guidelines and has 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 2020 to April 2021. The data was collated directly from monthly invoices and a consumption report.

The reporting spreadsheet provides a breakdown of monthly and annual consumption for each meter in kWh.

Company transport data was generated from company fuel cards. Due to the mileage not being included on this, we had to calculate an approximate number of miles travelled based on the vehicle type's average MPG and the amount of petrol / diesel consumed.

The energy usage has increased following the Club taking occupation of the new state of the art training ground in December 2020 which whilst built to latest energy efficiency standards has added another large facility to the Group.

## **Leicester City Football Club Limited**

### **Strategic report for the year ended 31 May 2021 (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 highest level of the Premier League Equality Standard. The Equality Standard encompasses 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.

This encompasses 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 the 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 2021 (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 2021.

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. Ad-hoc informal meetings involving (some or all of the) directors also do take place. The Executive Management Team of the Club meets at least once a month either physically or via teleconference and during times of greater required input such as the start of the COVID 19 lockdown on a daily basis. 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 meeting 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. This continues to be of primary importance during 2021 with the COVID 19 pandemic and its effects on workplace.

The Club has also focused on being an ethical organisation: over the last few years the Club has worked to become on being a defining partner in the local community alongside its two associated charities, the VS Foundation and Leicester City In the Community. With the Clubs direct financial and indirect logistical support working with associated funders this 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 the tax, modern slavery and other criminal conduct laws.

The Club has also treated its fans in an ethical way. Meetings are held with Fans Consultative Committee on a regular basis although this has been made more complicated by COVID as well as with various Fans 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 sought to increase its income in other ways and has not increased season ticket prices since 2014.

The Board of Directors 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 2021 (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 COVID 19, 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:

#### **COVID 19**

COVID 19 remains one of the largest risks to the Club. The Club has been impacted by the general economic impact of COVID 19 and its specific effect on professional sport including playing games behind closed doors. A further period of restricted attendances could reduce match day revenues. The club has produced budgets which have taken a prudent view of these income streams and continues to monitor developments and plan accordingly.

#### **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 crowd expectations which has 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 the performance Individual performance, contract length and health can lead to substantial changes in their market valuation as well as the general economic performance of the Transfer market. Whilst the Club insures part of the value of players value against career ending injuries and death the other risks are managed by managing the squad on a portfolio basis to maintain the value of the squad as a whole.

#### **Football Governance**

FIFA, UEFA and the British Government are all undertaking various processes to review 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.

# **Leicester City Football Club Limited**

## **Strategic report for the year ended 31 May 2021 (continued)**

### **Principal risks and uncertainties (continued)**

#### **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 have both been amended to take into account COVID. 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.

The Directors are confident the Club will continue to comply with the Premier League Sustainability and Profitability requirements, the UEFA Financial Fair Play ("FFP") and licencing requirements in the 2021/22 season.

#### **Employees**

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

Susan Whelan

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Susan Whelan  
Chief Executive

15 October 2021

# **Leicester City Football Club Limited**

## **Directors' report for the year ended 31 May 2021**

The directors present their report and the consolidated audited consolidated financial statements for the year ended 31 May 2021.

### **Future developments**

The future developments of the Club are detailed within the strategic report on page 4.

### **Engagement with employees, suppliers, customers and other stakeholders**

Engagement with employees, suppliers, customers and other stakeholders are detailed within the strategic report on page 6 and 7.

### **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 2021 (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 2020/21 financial year and has a net current liabilities position at the year end. The net current liability position has arisen mostly due to capital expenditure increasing short term creditors relating to the construction of the training ground and initial design and feasibility work on the stadium and investment in the playing squad.

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.

The circumstances impacting on the football industry including the ongoing risks from Government public health responses to COVID 19 are now reasonably well understood and the Club has undertaken its cash flow forecasts taking into account the possible downside risks over the next 12 months including possible return of restrictions on attendances for some latter parts of the season.

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 and / or the holding company, King Power International Limited and or its ultimate shareholders.

Since the year end the Company has entered into a 5 year loan facility for a total of £42.5m with King Power International to finance the working capital requirements of the Club for the next 12 months in addition to replacing its £52.5m facility with Macquarie Bank with an £80m 4 year facility. The Directors have also considered the Club's cashflow requirements in a severe but plausible scenario and to cover the working capital needs of the Club in that scenario has also continued to hold its undrawn £35m standby facility with its holding company, King Power International which can be called on if necessary to support the Club's cash flow in the unlikely event that all these negative events come to pass.

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.

## **Leicester City Football Club Limited**

### **Directors' report for the year ended 31 May 2021 (continued)**

#### **Dividend**

No dividends will be distributed for the year ended 31 May 2021 (2020: 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 3<sup>rd</sup> 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 6.

#### **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

#### **Charitable donations**

Each year the Club chooses a number of charities to support for the relevant season via 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 have not been undertaken in Season 20/21 because of COVID however it is planned that they will be undertaken in the 2021/22 season.



## **Leicester City Football Club Limited**

### **Directors' report for the year ended 31 May 2021 (continued)**

#### **Charitable donations (continued)**

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 donated £42,500 as well as significant in kind contributions during the year.

The Company has made charitable donations in the year of £36,000 (2020: £252,000).

#### **Subsequent events**

Since the year end the Club has invested £2.9m in its facilities including £2.1m on pitch renovation at King Power Stadium and £0.5m at the new training ground at Seagrave.

As noted in the going concern section of the Directors Strategic report above, the going concern accounting policy and in the subsequent events note below since the year end the Company has entered into a new facility for a total of £42.5m from King Power International to finance the working capital requirements of the Club, repaid its existing facilities with Macquarie Bank in full and has entered into a new 4 year £80m facility with Macquarie Bank.

Since 31 May 2021 the Club has contracted for the purchase, sale and loan of various players. The net cost of these transactions, taking into account the applicable levies and contingent fees but excluding value added tax, is £52.9m (2020: £17.9m). These transfers and costs will be accounted for in the year ending 31 May 2022.

On 23<sup>rd</sup> 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 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

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual report and Consolidated financial statements and the 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).

## **Leicester City Football Club Limited**

### **Directors' report for the year ended 31 May 2021 (continued)**

#### **Statement of directors' responsibilities (continued)**

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.

#### **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.

#### **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

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Susan Whelan  
Chief Executive  
15 October 2021

Registered number: 04593477

# **Leicester City Football Club Limited**

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

### **Report on the audit of the consolidated 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 2021 and of the group'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, comprising 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 sheet as at 31 May 2021; the Consolidated Profit and loss account, Consolidated statement of comprehensive income, Consolidated and Company statement of changes in equity, 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.

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.

## **Leicester City Football Club Limited**

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

#### **Conclusions relating to going concern (continued)**

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 2021 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.

# **Leicester City Football Club Limited**

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

### **Responsibilities for the consolidated financial statements and the audit**

#### *Responsibilities of the directors for the consolidated financial statements*

As explained more fully in the Statement of directors' responsibilities, 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 consolidated 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 law 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 the 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 the 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:

## **Leicester City Football Club Limited**

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

#### *Auditors' responsibilities for the audit of the consolidated financial statements (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;
- meeting with the in house legal team, as well as confirmations sent to external advisors;
- discussions with management regarding any instances of non-compliance with laws and regulations, or instances of fraud;
- review of the financial statements for disclosures required by both the Companies Act 2006 and the accounting standards; and
- 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.

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](http://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.

## **Leicester City Football Club Limited**

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

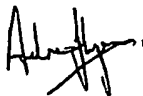
#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

- we have not received 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  
15 October 2021

## Leicester City Football Club Limited

### Consolidated Profit and loss account for the year ended 31 May 2021

	Note	2021 £'000	2020 £'000
Turnover	2	226,204	149,950
Cost of sales		(276,876)	(248,494)
Gross loss		(50,672)	(98,544)
Administrative expenses		(17,522)	(23,868)
Other operating income		2,500	-
(Loss)/profit on disposal of fixed assets	3	(13)	1
Profit on disposal of player registrations	3	43,861	63,088
Operating loss	3	(21,846)	(59,323)
Interest receivable and similar income	4	748	1,201
Interest payable and similar expenses	4	(11,999)	(9,162)
Net interest payable	4	(11,251)	(7,961)
Loss before taxation		(33,097)	(67,284)
Tax on loss	6	1,892	7,220
Loss for the financial year		(31,205)	(60,064)

The above is in relation to continuing activities.

### Consolidated statement of comprehensive income for the year ended 31 May 2021

	Note	2021 £'000	2020 £'000
Loss for the financial year		(31,205)	(60,064)
Other comprehensive expense			
Deferred tax current year charge	6	(1,892)	(552)
Total comprehensive expense for the year		(33,097)	(60,616)



# Leicester City Football Club Limited

## Consolidated Balance sheet as at 31 May 2021

	Note	2021 £'000	Restated 2020 £'000
Fixed assets			
Intangible assets	8	174,484	192,349
Tangible assets	9	187,042	153,375
		361,526	345,724
Current assets			
Inventories		670	512
Debtors (including amounts due after one year of £Nil (2020: £1,271,000))	11	55,495	58,519
Cash at bank and in hand		50,865	41,163
		107,030	100,194
Creditors: amounts falling due within one year	12	(212,630)	(234,374)
Net current liabilities		(105,600)	(134,180)
Total assets less current liabilities		255,926	211,544
Creditors: amounts falling due after more than one year	13	(216,457)	(138,978)
Provisions for liabilities	14	-	-
Net assets		39,469	72,566
Capital and reserves			
Called up share capital	15	112,756	112,756
Share premium account		8,475	8,475
Revaluation reserve		31,530	31,530
Profit and loss account		(113,292)	(80,195)
Total shareholders' funds		39,469	72,566

The notes on pages 28 to 56 are an integral part of these consolidated financial statements.

Detail of the prior year restatement is provided on page 29.

The consolidated financial statements on pages 22 to 56 were approved by the board of directors on 15 October 2021 and signed on its behalf by:

DocuSigned by:  
  
 00B74C38D73C4BC...  
 Susan Whelan  
 Chief Executive

Registered number: 04593477

# Leicester City Football Club Limited

## Company Balance sheet as at 31 May 2021

	Note	2021 £'000	Restated 2020 £'000
<b>Fixed assets</b>			
Intangible assets	8	174,480	192,349
Tangible assets	9	187,028	153,375
Investments	10	-	-
		<b>361,508</b>	<b>345,724</b>
<b>Current assets</b>			
Inventories		670	512
Debtors (including amounts due after one year of £Nil (2020: £1,271,000))	11	57,114	58,519
Cash at bank and in hand		50,755	41,163
		<b>108,539</b>	<b>100,194</b>
Creditors: amounts falling due within one year	12	(212,569)	(234,374)
Net current liabilities		<b>(104,030)</b>	<b>(134,180)</b>
<b>Total assets less current liabilities</b>		<b>257,478</b>	<b>211,544</b>
Creditors: amounts falling due after more than one year	13	(216,457)	(138,978)
Provisions for liabilities	14	-	-
<b>Net assets</b>		<b>41,021</b>	<b>72,566</b>
<b>Capital and reserves</b>			
Called up share capital	15	112,756	112,756
Share premium account		8,475	8,475
Revaluation reserve		31,530	31,530
Profit and loss account		(111,740)	(80,195)
<b>Total shareholders' funds</b>		<b>41,021</b>	<b>72,566</b>

The notes on pages 28 to 56 are an integral part of these financial statements.

Detail of the prior year restatement is provided on page 29.

The financial statements on pages 22 to 56 were approved by the board of directors on 15 October 2021 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 2021

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders funds £'000
Balance as at 1 June 2019	112,756	8,475	31,530	(19,579)	133,182
Loss for the financial year	-	-	-	(60,064)	(60,064)
Other comprehensive expense for the year	-	-	-	(552)	(552)
Balance as at 31 May 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

### Company statement of changes in equity for the year ended 31 May 2021

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders funds £'000
Balance as at 1 June 2019	112,756	8,475	31,530	(19,579)	133,182
Loss for the financial year	-	-	-	(60,064)	(60,064)
Other comprehensive expense for the year	-	-	-	(552)	(552)
Balance as at 31 May 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

The accounting policies and the notes on pages 28 to 56 form part of these financial statements.



# Leicester City Football Club Limited

## Notes to the cash flow statement for the year ended 31 May 2021

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

	2021 £'000	2020 £'000
Loss for the financial year	(31,205)	(60,064)
Tax on loss	(1,892)	(7,220)
Net interest payable	11,251	7,961
Operating loss before interest and taxation	(21,846)	(59,323)
Amortisation and impairment charge	72,817	80,291
Depreciation charge	4,798	3,041
Profit on disposal of tangible and intangible fixed assets	(43,861)	(63,088)
(Increase) / Decrease in inventories	(158)	1,813
Decrease in debtors	1,891	10,554
Increase in creditors	3,435	29,603
Cash flow from operating activities	17,076	2,891

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

	2021 £'000	2020 £'000
Increase in cash in the year	9,702	29,695
Cash inflow from changes in debt	(52,496)	(117,450)
Change in net debt from cash flows	(42,794)	(87,755)
Other non-cash changes	(12,776)	(8,558)
Movement in net debt in the year	(55,570)	(96,313)
Opening net debt	(161,562)	(65,249)
Closing net debt	(217,132)	(161,562)

### c) Analysis of net debt

	2020 £'000	Cash flow £'000	Other non-cash movements £'000	2021 £'000
Cash at bank and in hand	41,163	9,702	-	50,865
	41,163	9,702	-	50,865
Debt due within one year	(64,674)	(2,028)	(2,529)	(69,231)
Debt due after one year	(120,757)	(50,468)	(8,864)	(180,089)
Hire purchase liabilities	(17,294)	-	(1,383)	(18,677)
Total debt	(202,725)	(52,496)	(12,776)	(267,997)
Net debt	(161,562)	(42,794)	(12,776)	(217,132)

Non cash movements relate to £10,247,000 accrued interest on amounts owed to group undertakings and £2,529,000 on bank loans.

# **Leicester City Football Club Limited**

## **Notes to the consolidated financial statements for the year ended 31 May 2021**

### **1 Accounting policies**

#### **General information**

Leicester City Football Club Limited's ('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 domiciled in the 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. This is the first set of consolidated accounts following the acquisition of Leicester City Women Football Club in August 2020.

# **Leicester City Football Club Limited**

## **Notes to the consolidated financial statements for the year ended 31 May 2021 (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 restatement of the prior year balance sheet relates to £51,856,000 subordinated loans owed to group undertakings which were shown within creditors: amounts falling due within one year which having undertaken a further review of the repayment terms have now been restated to be included within creditors: amounts falling due after more than one year. There is no impact on profit or equity for the year ending 31 May 2020 or 31 May 2021.

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 necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### **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 2021 (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**

The Company was loss making at an operating level in the 2020/21 financial year and has a net current liabilities position at the year end. The net current liability position has arisen mostly due to capital expenditure increasing short term creditors relating to the construction of the training ground and initial design and feasibility work on the stadium and investment in the playing squad.

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. The Training Ground development is nearing completion.

The circumstances impacting on the football industry including the ongoing risks from Government public health responses to COVID 19 are now reasonably well understood and the Club has undertaken its cash flow forecasts taking into account the possible downside risks over the next 12 months including possible return of restrictions on attendances for some latter parts of the season.



# **Leicester City Football Club Limited**

## **Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)**

### **1 Accounting policies (continued)**

#### **Going concern (continued)**

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 and / or the holding company, King Power International Limited and or its ultimate shareholders.

Since the year end the Company has entered into a 5 year loan facility for a total of £42.5m with its King Power International to finance the working capital requirements of the Club for the next 12 months in addition to replacing its £52.5m facility with Macquarie Bank with an £80m 4 year facility. The Directors have also considered the Club's cashflow requirements in a severe but plausible scenario and to cover the working capital needs of the Club in that scenario has also continued to hold its undrawn £35m standby facility with its holding company, King Power International which can be called on if necessary to support the Club's cash flow in the unlikely event that all these negative events come to pass.

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.

Central Broadcasting rights and other distributions from the FA Premier League, UEFA in relation to the Champions League, Europa League and 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 Clubs 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 central distributions from the Premier League are also recognised evenly across the ten months of the season.

# **Leicester City Football Club Limited**

## **Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)**

### **1 Accounting policies (continued)**

#### **Turnover (continued)**

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.

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

#### **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.

##### **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 (FLLPLAS), a defined benefit scheme. As the Company is one of a number of participating employers in FLLPLAS it is not possible to identify the Company's share of the individual assets and liabilities within the scheme. However, the actuarial surplus or deficit is estimated and a provision is made for any unfunded obligation with any payments made being deducted from the outstanding balance. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Further details are set out in note 16.

# **Leicester City Football Club Limited**

## **Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)**

### **1 Accounting policies (continued)**

#### **Intangible fixed assets**

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 2021 (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 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, on an existing use basis. Both the Stadium and the training ground were revalued as at 31 May 2020.

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 2021 (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 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 2021 (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 2021 (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 2021 (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.

#### **Recognition of deferred tax assets/liabilities**

Deferred tax effects of temporary differences are recognised between the financial statement carrying amounts and the tax basis of our assets and liabilities. Deferred tax assets are recognised only to the extent that it is probable that the associated deductions will be available for use against future profits and that there will be sufficient future taxable profit available against which the temporary differences can be utilised, provided the asset can be reliably quantified. In estimating future taxable profit, management use "base case" approved forecasts which incorporate a number of assumptions, including a prudent level of future uncontracted income in the forecast period. In arriving at a judgment in relation to the recognition of deferred tax assets, management considers the regulations applicable to tax and advice on their interpretation. Future taxable income may be higher or lower than estimates made when determining whether it is appropriate to record a tax asset and the amount to be recorded. Furthermore, changes in the legislative framework or applicable tax case law may result in management reassessing the recognition of deferred tax assets in future periods. Brought forward taxable losses do not expire.

#### **Valuation of tangible assets**

The Company adopts a revaluation policy for its stadium and 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. 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.

#### **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 2021 (continued)

### 2 Turnover

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

	2021 £'000	2020 £'000
Broadcasting rights	170,826	107,600
UEFA club competitions	13,679	-
Sponsorship and advertising	33,634	21,413
Gate receipts	552	13,081
Commercial turnover	6,256	6,327
Other income	1,257	1,529
	<b>226,204</b>	<b>149,950</b>

£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 19.

### 3 Operating loss before interest and taxation

Operating loss is stated after charging:

	2021 £'000	2020 £'000
Operating leases		
- plant and machinery	120	103
Depreciation:		
- owned tangible fixed assets	3,814	2,057
- assets held under finance leases and hire purchase contracts	984	984
Foreign exchange (gains)/losses	(1,833)	517
Amortisation of intangible assets	71,953	78,273
Impairment of intangible assets	864	2,018
Impairment of Goodwill arising on acquisition of LCWFC	70	-
Impairment of trade receivables	707	-
Impairment of inventory	3	98
(Loss)/profit on disposal on tangible fixed assets	(13)	1
Profit on disposal on intangible fixed assets	43,861	63,088
Auditors' remuneration		
- audit of the Company's annual consolidated financial statements	54	44
- Audit of subsidiaries annual financial statements	12	-
- non-audit services – interim accounts	13	18
- non-audit services – tax advisory & compliance	75	71

# Leicester City Football Club Limited

## Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

### 4 Net interest payable

	2021 £'000	2020 £'000
Interest payable and similar expenses:		
Bank loans and overdrafts	2,797	2,576
Hire purchase contracts	1,383	1,281
Interest on transfer fees payable	1,761	2,501
Interest payable to group undertakings	6,058	2,803
Other interest payable	-	1
	11,999	9,162
Interest receivable and similar income:		
Bank interest receivable	-	(8)
Interest on transfer fees receivable	(748)	(1,193)
	(748)	(1,201)
<b>Net interest payable</b>	<b>11,251</b>	<b>7,961</b>

### 5 Staff costs

#### The Group:

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

	2021 Number	2020 Number
Players	77	62
Administration	358	301
	435	363

In addition, the Group employed on average 295 (2020: 577) casual staff on match days.

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

	2021 £'000	2020 £'000
Wages and salaries	158,794	128,239
Benefits in kind	9,408	9,720
Social security costs	23,239	18,917
Other pension costs (note 17)	647	603
	192,088	157,479

# Leicester City Football Club Limited

## Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

### 5 Staff costs (continued)

#### The Company:

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

	2021 Number	2020 Number
Players	59	62
Administration	350	301
	409	363

In addition, the Company employed on average 286 (2020: 577) casual staff on match days.

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

	2021 £'000	2020 £'000
Wages and salaries	158,071	128,239
Benefits in kind	9,350	9,720
Social security costs	23,177	18,917
Other pension costs	628	603
	191,226	157,479

#### The Group and Company:

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

	2021 £'000	2020 £'000
Aggregate emoluments	259	333
Pension contributions	23	23
	282	356

The aggregate emoluments of the highest paid director were £282,000 (2020: £356,000) and one of the directors was accruing benefits under a defined contribution pension scheme (2020: one).

Key management compensation	2021 £'000	2020 £'000
Salaries and other short-term benefits	259	333
Post-employment benefits	23	23
	282	356

## Leicester City Football Club Limited

### Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

#### 6 Tax on loss

	2021 £'000	2020 £'000
UK corporation tax		
- adjustments in respect of prior periods	-	-
Total current tax		-
Deferred tax		
- origination and reversal of timing differences	(59)	(7,125)
- adjustments in respect of prior periods	41	(214)
- effect of changes in tax rate	(1,874)	119
Total deferred tax (note 13)	(1,892)	(7,220)
Tax on loss	(1,892)	(7,220)

The standard rate of tax for the year ended 31 May 2021 is based on the UK standard rate of 19% (2020: 19%). The actual charge for the year is higher (2020: higher) than the standard rate for the reasons set out in the following reconciliation:

	2021 £'000	2020 £'000
Loss before taxation	(33,275)	(67,284)
Loss before taxation at standard UK tax rate of 19% (2020: 19.00%)	(6,322)	(12,784)
Effects of:		
Expenses not deductible	702	363
Adjustment from previous periods	41	(214)
Tax rate changes	(1,874)	119
Deferred tax not recognised	5,561	5,296
Total tax credit for the year	(1,892)	(7,220)

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 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.

A deferred tax charge of £1,891,800 on the revaluation of the stadium and training ground has been recognised within Other Comprehensive Income. This charge relates to the change in tax rate from 19% to 25%.

## Leicester City Football Club Limited

### Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

#### 7 Business Combinations

On 21 August 2020 the Club acquired 100% of the issued share capital of LWCFC for £1.

The following book values of assets and liabilities were recognised at the acquisition date:

	Total £'000
Intangible Assets	6
Tangible Assets	12
Current Assets	14
Current liabilities	(102)
Total identifiable net asset	(70)
Goodwill	70
Total	0

#### 8 Intangible assets

The Group:	Player registrations £'000	Computer Software £'000	Goodwill £'000	Total £'000
<b>Cost</b>				
At 1 June 2020	374,252	1,651	4,266	380,169
Additions	64,393	100	-	64,493
Acquisitions	-	-	70	70
Disposals	(70,356)	-	-	(70,356)
<b>At 31 May 2021</b>	<b>368,289</b>	<b>1,751</b>	<b>4,336</b>	<b>374,376</b>
<b>Accumulated amortisation</b>				
At 1 June 2020	182,164	1,390	4,266	187,820
Charge for the year	71,771	182	-	71,953
Impairment	864	-	70	934
Disposals	(60,815)	-	-	(60,815)
<b>At 31 May 2021</b>	<b>193,984</b>	<b>1,572</b>	<b>4,336</b>	<b>199,892</b>
<b>Net book amount</b>				
<b>At 31 May 2021</b>	<b>174,305</b>	<b>179</b>	<b>-</b>	<b>174,484</b>
<b>At 31 May 2020</b>	<b>192,088</b>	<b>261</b>	<b>-</b>	<b>192,349</b>

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

The addition to goodwill arising in the year arose as a result of the acquisition of Leicester City Women Football Club Limited. This amount has been impaired on acquisition.

# Leicester City Football Club Limited

## Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

### 8 Intangible assets (continued)

The Company:	Player registrations £'000	Computer Software £'000	Goodwill £'000	Total £'000
Cost				
At 1 June 2020	374,252	1,651	4,266	380,169
Additions	64,381	100	-	64,481
Disposals	(70,356)	-	-	(70,356)
<b>At 31 May 2021</b>	<b>368,277</b>	<b>1,751</b>	<b>4,266</b>	<b>374,294</b>
Accumulated amortisation				
At 1 June 2020	182,164	1,390	4,266	187,820
Charge for the year	71,763	182	-	71,945
Impairment	864	-	-	864
Disposals	(60,815)	-	-	(60,815)
<b>At 31 May 2021</b>	<b>193,976</b>	<b>1,572</b>	<b>4,266</b>	<b>199,814</b>
Net book amount				
<b>At 31 May 2021</b>	<b>174,301</b>	<b>179</b>	<b>-</b>	<b>174,480</b>
At 31 May 2020	192,088	261	-	192,349

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.

### 9 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 2020	43,500	86,624	13,996	15,561	258	4,392	164,331
Additions	-	26,824	4,568	5,115	94	1,901	38,502
Disposals	-	-	-	(63)	-	-	(63)
<b>At 31 May 2021</b>	<b>43,500</b>	<b>113,448</b>	<b>18,564</b>	<b>20,613</b>	<b>352</b>	<b>6,293</b>	<b>202,770</b>
Accumulated depreciation							
At 1 June 2020	984	-	247	6,484	87	3,154	10,956
Charge for the year	984	1,351	82	1,680	60	641	4,798
Disposals	-	-	-	(26)	-	-	(26)
<b>At 31 May 2021</b>	<b>1,968</b>	<b>1,351</b>	<b>329</b>	<b>8,138</b>	<b>147</b>	<b>3,795</b>	<b>15,728</b>
Net book amount							
<b>At 31 May 2021</b>	<b>41,532</b>	<b>112,097</b>	<b>18,235</b>	<b>12,475</b>	<b>205</b>	<b>2,498</b>	<b>187,042</b>
At 31 May 2020	42,516	86,624	13,749	9,077	171	1,238	153,375

# Leicester City Football Club Limited

## Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

### 9 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 2020	43,500	86,624	13,996	15,561	258	4,392	164,331
Additions	-	26,824	4,568	5,115	94	1,882	38,483
Disposals	-	-	-	(63)	-	-	(63)
<b>At 31 May 2021</b>	<b>43,500</b>	<b>113,448</b>	<b>18,564</b>	<b>20,613</b>	<b>352</b>	<b>6,274</b>	<b>202,751</b>
Accumulated depreciation							
At 1 June 2020	984	-	247	6,484	87	3,154	10,956
Charge for the year	984	1,351	82	1,680	60	636	4,793
Disposals	-	-	-	(26)	-	-	(26)
<b>At 31 May 2021</b>	<b>1,968</b>	<b>1,351</b>	<b>329</b>	<b>8,138</b>	<b>147</b>	<b>3,790</b>	<b>15,723</b>
Net book amount							
<b>At 31 May 2021</b>	<b>41,532</b>	<b>112,097</b>	<b>18,235</b>	<b>12,475</b>	<b>205</b>	<b>2,484</b>	<b>187,028</b>
At 31 May 2020	42,516	86,624	13,749	9,077	171	1,238	153,375

Included within Other land and buildings is £6,651,000 relating to the Clubs previous training ground, now utilised by Leicester City Womens Football Club.

In accordance with the Clubs accounting policy a property valuation was undertaken on 31 May 2020, 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.

If the stadium was stated on a historical cost basis, the amounts for cost, aggregate depreciation and net book amount respectively at 31 May 2021 would be £22,010,000 (2020: £22,010,000), £8,623,000 (2020: £7,951,000) and £13,387,000 (2020: £14,059,000).

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 are contingent on the turnover associated with the League the Club plays in during the duration of the contract. The payment profile of the contract has been calculated based on the league status of the Club at the year end. Amounts payable under finance leases and hire purchase contracts are set out in note 11.

A valuation of the Clubs Belvoir Drive training ground was also undertaken on 31 May 2020, 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.

## Leicester City Football Club Limited

### Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

#### 9 Tangible assets (continued)

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 2020 would be £6,667,000 (2020: £6,667,000), £3,716,000 (2020: £3,180,000) and £2,951,000 (2020: £3,487,000).

Following the completion of the Clubs new training facility in Seagrave, the investment is shown separately rather than within Other Land and Buildings. The previous training facility at Belvoir Drive is now shown within Other Land and Buildings (£6,651,000).

Also within "Other land and buildings", land at a cost of £11,068,000 (2020: £6,500,000) and assets under construction of £Nil (2020: £86,625,000) are not depreciated.

#### 10 Investments

	2021	2020
	£	£
Shares in subsidiary	3	2

On 21st August 2020 the Company acquired Leicester City Women Football Club Limited registered address King Power Stadium, Filbert Way, Leicester, Leicestershire, LE2 7FL, a wholly owned 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.

#### 11 Debtors

The Group:	2021	2020
	£'000	£'000
Trade debtors	12,018	2,345
Amounts owed by group undertakings	6,160	21,848
Transfer fees receivable	19,528	21,140
Other debtors	2,526	1,014
Prepayments and accrued income	15,263	12,172
	55,495	58,519

Trade Debtors are stated after provisions for impairment of £707,000 (2020: £ Nil).

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

Transfer fees receivable includes £Nil (2020: £1,271,000) falling due after more than one year.



# Leicester City Football Club Limited

## Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

### 11 Debtors (continued)

Gross transfer fees receivable before discounting are £19,731,000 (2020: £21,380,000).

The Company:	2021 £'000	2020 £'000
Trade debtors	12,018	2,345
Amounts owed by group undertakings	7,783	21,848
Transfer fees receivable	19,528	21,140
Other debtors	2,526	1,014
Prepayments and accrued income	15,259	12,172
	<b>57,114</b>	<b>58,519</b>

Trade Debtors are stated after provisions for impairment of £707,000 (2020: £ Nil).

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

Transfer fees receivable includes £Nil (2020: £1,271,000) falling due after more than one year.

Gross transfer fees receivable before discounting are £19,731,000 (2020: £21,380,000).

### 12 Creditors: amounts falling due within one year

The Group:	2021 £'000	Restated 2020 £'000
Bank loans	69,231	64,674
Trade creditors	1,870	9,441
Transfer fees payable	26,810	59,722
Amounts owed to group undertakings:		
- subordinated loans and other amounts payable	19,646	16,386
- obligations under finance lease and hire purchase contracts	18,677	17,294
Taxation and social security	15,362	20,506
Other creditors	32,529	20,197
Accruals and deferred income	28,505	26,154
	<b>212,630</b>	<b>234,374</b>

Gross transfer fees payable before discounting are £28,321,000 (2020: £60,430,000).

The Subordinated loans owed to group undertakings are unsecured, repayable on demand and bear interest of 6% whilst the obligations under hire purchase agreements are unsecured, repayable on demand and carry interest at 8%.

Other creditors include £19,901,000 payable to employees (2020: £8,534,000).

# Leicester City Football Club Limited

## Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

### 12 Creditors: amounts falling due within one year (continued)

Detail of the prior year restatement is provided on page 29.

The Company:	2021	Restated 2020
	£'000	£'000
Bank loans	69,231	64,674
Trade creditors	1,852	9,441
Transfer fees payable	26,810	59,722
Amounts owed to group undertakings:		
- subordinated loans and other amounts payable	19,646	16,386
- obligations under finance lease and hire purchase contracts	18,677	17,294
Taxation and social security	15,340	20,506
Other creditors	32,505	20,197
Accruals and deferred income	28,508	26,154
	<b>212,569</b>	<b>234,374</b>

Gross transfer fees payable before discounting are £28,321,000 (2020: £60,430,000).

The Subordinated loans owed to group undertakings are unsecured, repayable on demand and bear interest of 6% whilst the obligations under hire purchase agreements are unsecured, repayable on demand and carry interest at 8%.

Other creditors include £19,901,000 payable to employees (2020: £8,534,000).

Detail of the prior year restatement is provided on page 29.

### 13 Creditors: amounts falling due after more than one year

The Group:	2021	Restated 2020
	£'000	£'000
Amounts falling due between one and five years:		
Bank loans	24	55
Amounts owed to group undertakings	180,065	120,702
Transfer fees payable	36,368	18,221
	<b>216,457</b>	<b>138,978</b>

Gross transfer fees payable before discounting are £37,298,000 (2020: £18,421,000).

Detail of the prior year restatement is provided on page 29.

# Leicester City Football Club Limited

## Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

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

#### Bank loans

	2021 £'000	2020 £'000
Amounts payable:		
Within one year	69,231	64,674
Between one and two years	24	32
Between two to five years	-	23
Greater than five years	-	-
	<b>69,255</b>	<b>64,729</b>

#### The Company:

	2021 £'000	Restated 2020 £'000
Amounts falling due between one and five years:		
Bank loans	24	55
Amounts owed to group undertakings	180,065	120,702
Transfer fees payable	36,368	18,221
	<b>216,457</b>	<b>138,978</b>

Gross transfer fees payable before discounting are £37,298,000 (2020: £18,421,000).

Detail of the prior year restatement is provided on page 29.

#### Bank loans

	2021 £'000	2020 £'000
Amounts payable:		
Within one year	69,231	64,674
Between one and two years	24	32
Between two to five years	-	23
Greater than five years	-	-
	<b>69,255</b>	<b>64,729</b>

#### The bank loans are

- Barclays Bank plc: £55,000 secured on the freehold training ground and a freehold property. Interest is payable at 1.75% above the bank base rate.
- Macquarie Bank Limited: £69,200,000 secured on certain transfer and Premier League Receivables and bearing interest of between 2.8% and 5.15%.

## Leicester City Football Club Limited

### Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)

#### 14 Provisions for liabilities

The Group and Company

##### Deferred tax

The deferred tax assets and liabilities provided and those unprovided, calculated at 25% (2020: 19%) are as follows:

	2021		2020	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	(541)	-	(2,261)	-
Stadium revaluation	(7,883)	-	(5,991)	-
Short term timing differences	5,404	-	321	-
Trading losses	3,020	10,503	7,931	5,296
	-	10,503	-	5,296

The net deferred tax asset expected to reverse in 2022 is £74,000. 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 2021 (continued)

#### 15 Called up share capital

	2021 £'000	2020 £'000
Allotted, and fully paid		
Ordinary shares of £1 each		
2021 and 2020: 112,564,441 ordinary shares of £1 each	112,564	112,564
Redeemable shares of £1 each		
2021 and 2020: 1 redeemable share of £1	-	-
'A' shares of 1p each		
2021 and 2020: 19,138,432 'A' shares of 1p each	192	192
	<b>112,756</b>	<b>112,756</b>

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 2021 (continued)

### 16 Financial Instruments

The group has the following financial instruments

	Note	2021 £'000	2020 £'000
<b>Financial assets that are debt instruments measured at amortised cost</b>			
- Trade debtors	10	12,018	2,345
- Transfer fees receivable	10	19,528	21,140
- Amounts owed by group undertakings	10	6,160	21,848
- Other debtors	10	2,526	1,014
		<b>40,232</b>	<b>46,347</b>
<b>Financial liabilities measured at amortised cost</b>			
- Bank loans	11	69,231	64,674
- Trade creditors	11	1,870	9,441
- Transfer fees payable	11	26,810	59,722
- Amounts owed to group undertakings: subordinated loans and other amounts payable	11	19,646	16,386
- obligations under finance lease and hire purchase contracts	11	18,677	17,294
- Other creditors	11	32,529	20,197
- Bank loans	12	24	55
- Transfer fees payable	12	36,368	18,221
- Amounts owed to group undertakings: subordinated loans and other amounts payable	12	180,065	120,702
		<b>385,220</b>	<b>326,692</b>

## **Leicester City Football Club Limited**

### **Notes to the consolidated financial statements for the year ended 31 May 2021 (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 £646,465 (2020: £602,773).

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 will be 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 £51,756 in the year (2020: £49,290). 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 £26,729,000 (2020: £38,182,000) and £9,921,000 (2020: £9,367,000) respectively. £17,305,000 of the total potential fees and the associated Levy were provided for as at 31 May 2021 (2020: £24,459,000).

##### **b) Capital commitments**

At 31 May 2021, the Company had committed capital expenditure of £2,168,000 (2020: £22,108,000) including £2.1m for pitch renovation at King Power Stadium.

## **Leicester City Football Club Limited**

### **Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)**

#### **19 Related party transactions**

The Company owed as at 31 May 2021 £154,559,409 (2020: £125,984,598) to King Power International Limited, the Company's immediate parent undertaking. The movement in the year includes subordinated loans of £20,500,000 plus £8,061,137 interest on this and other subordinated loans of £116m as well as outstanding interest on a now fully repaid subordinated loan previously made to the Company. At the same date the Company was owed £3,177,986 (2020: £3,084,223) by King Power International Limited for costs incurred in the running of the international education project and retail products supplied by the Company.

The Company also had sponsorship agreements with King Power International Limited in relation to the acquisition of sponsorship and marketing inventory including the front of shirt sponsorship, primary training wear sponsorship and the stadium naming rights for £16,000,000. This amount all related to the 2020/21 season and was paid before the year-end. In the year ended 31 May 2020 similar sponsorship agreements were in place with King Power Duty Free for the 2019/20 season with 20% of the revenue recognised within the financial year to 31 May 2021. £Nil was outstanding at the 31st May 2021 (2020: £16,000,000).

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 under the hire purchase agreement stands at £18,677,458 as at 31 May 2021 (2020: £17,293,942). This obligation increases at 8% per annum and £1,383,516 (2020: £1,281,033) has accrued on the amount during the year. The Company also incurred costs on behalf of K Power Holdings Company Limited and the balance of £61,866 (2020: £61,866) remained unpaid at the year-end pending further agreement on the adjacent site.

The Company is party to a management agreement with K Power Sports Investments Limited where the Club is charged a management fee based on turnover for management services provided. The amount charged for the year to 31 May 2021 was £3,500,000 (2020: £3,500,000) and the balance outstanding at 31 May 2021 under this contract was £14,000,000 (2020: £10,500,000). Also at 31 May 2021 an amount of £350,000 (2020: £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 £30,802,000 (2020: Nil) including interest remained outstanding at the year-end.

The Company also incurred costs on behalf of K Power Sports Investments Limited and the balance of £2,622,906 (2020: £2,622,906) remained outstanding at the year-end.

The Company also incurred costs on behalf of King Power Racing Co Limited and the balance of £25,590 (2020: £25,590) remained outstanding at the year-end.



## **Leicester City Football Club Limited**

### **Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)**

#### **19 Related party transactions (continued)**

The Company also incurred costs on behalf of Gadbridge Limited, a company with a common director and the balance of £560 (2020: £4,753) remained outstanding at the year-end.

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 £24,416 (2020: £8,100) remained outstanding at the year-end.

The Company also incurred costs on behalf of King Power Estates Limited, a company with a common director and the balance of £2,957 (2020: £Nil) 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 £1,622,798 (2020: £Nil) 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 Company has made sales of equipment to, and incurred costs on behalf of, OH Leuven CVBA. A balance of £950 (2020: £15,182) remained outstanding at the year-end. During the year the Club triggered a contingent transfer fee for a player purchased from OH Leuven CVBA and temporarily transferred the registration of two players to OH Leuven CVBA for £56,000 with all amounts settled at the year-end.

During the year the Company provided free administration, management and accounting support to the Vichai Srivaddhanaprabha Foundation (formerly the LCFC Foxes Foundation) as well as collecting revenue, incurring costs and making donations on its behalf. A balance payable to the Company of £213,777 (2020: payable to the Foundation: £253,042) remained outstanding at the year-end.

During the year the Company also supported Leicester City Football Club Trust, donating £42,500 (2020: £42,500) as well as significant in kind contributions during the year. The Company collected revenue and incurred costs on its behalf and a balance payable to the Company of £29,131 (2020: £25,876) remained outstanding at the year-end.

#### **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**

## **Notes to the consolidated financial statements for the year ended 31 May 2021 (continued)**

### **21 Subsequent events**

Since the year end the Club has invested £2.9m in its facilities including £2.1m on pitch renovation at King Power Stadium and £0.5m at the new training ground at Seagrave.

Since the year end the Company has repaid its existing Macquarie Facilities in full and has entered into and drawn a new four year £80m facility with Macquarie Bank. The Company has also entered into a 5 year loan facility for a total of £42.5m with King Power International to finance the working capital requirements of the Club for the next 12 months.

Since 31 May 2021 the Club has contracted for the purchase, sale and loan of various players. The net cost of these transactions, taking into account the applicable levies and contingent fees but excluding value added tax, is £52.9m (2020: £17.9m). These transfers and costs will be accounted for in the year ending 31 May 2022.

On 23<sup>rd</sup> 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 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