City Football Group Limited

Annual Report and Financial Statements

For the year ended 30 June 2019

Registered number 08355862

City Football Group Limited

Contents

City Football Group Limited

Directors and Advisors

Directors

K Al Mubarak (Chairman)
M Edelman
S Pearce
M Al Mazrouei
J MacBeath
A Galassi
R Li
A Khouri
E Durban

Company Secretary

S Cliff

Registered Office

Regent's Place 14th Floor, 10 Brock Street, London NW1 3FG

Bankers

Barclays Bank PLC, 51 Mosley Street, Manchester M60 2AU

Auditors

BDO LLP, 3 Hardman Street, Manchester M3 3AT

City Football Group Limited

Directors and Advisors *(continued)*

The Board of Directors comprises the following who are all Non-Executive Directors:

Khaldoon Al Mubarak, Chairman
Khaldoon Al Mubarak was appointed to the Board in September 2008.

Mr Al Mubarak is currently Group CEO and Managing Director of Mubadala Investment Company. He also serves as Chairman of the Executive Affairs Authority of Abu Dhabi, Chairman of Emirates Nuclear Energy Corporation and Chairman of Emirates Global Aluminium. He is also a Board Member of the Abu Dhabi Supreme Petroleum Council.

Martin Edelman, Member of the Board
Martin Edelman was appointed to the Board in September 2008.

He is also Vice Chairman of New York City FC. Since June 2000, he has been Of Counsel to Paul Hastings LLP, a New York City law firm. Mr Edelman also currently serves as Chairman of Manchester Life Development Company and as Director of Equity Commonwealth, BXMT and Aldar. He is also on the Advisory Board at Columbia University's Business School. Mr Edelman works on behalf of several philanthropic initiatives and is on the boards of the Jackie Robinson Foundation, Intrepid Fallen Heroes Fund, Fisher Alzheimer Center and Tribeca Film Institute.

Simon Pearce, Member of the Board
Simon Pearce was appointed to the Board in September 2008.

He is also Vice Chairman of Melbourne City FC. In 2006, Mr Pearce joined the Executive Affairs Authority of Abu Dhabi, and currently serves as Special Advisor to the Chairman. He is also a Board Member of Abu Dhabi Motorsports Management, operator of Yas Marina Circuit and home of the F1 Etihad Airways Abu Dhabi Grand Prix, and a Board Member of Manchester Life Development Company.

Mohamed Al Mazrouei, Member of the Board
Mohamed Al Mazrouei was appointed to the Board in January 2010.

Since April 2008, Mr Al Mazrouei has served as the Undersecretary of the Crown Prince Court of Abu Dhabi. He is also the Chairman of Etihad Airways, and the former Chairman of Abu Dhabi Media.

John MacBeath, Member of the Board
John MacBeath was appointed to the Board in January 2010.

He also served as Interim Chief Executive Officer of Manchester City FC from September 2011 to September 2012. John MacBeath is a Chartered Accountant with extensive international business experience in the oil and gas, and aerospace industrial sectors.

Alberto Galassi, Member of the Board
Alberto Galassi was appointed to the Board in June 2012.

Alberto Galassi is the CEO of Ferretti Group, a multinational shipbuilding company and leader in luxury yachts. Mr Galassi is an attorney at law specialised in international commerce and arbitration.

Ruigang Li, Member of the Board
Ruigang Li was appointed to the Board in December 2015.

Ruigang Li is the Founding Chairman of CMC Capital Partners and CMC Holdings Limited. He was Chairman and CEO of Shanghai Media Group (SMG) for more than 10 years and is a Non-Executive Director of WPP. Li is also a member of the Board of Directors for Special Olympics International.

Abdulla Khouri, Member of the Board
Abdulla Khouri was appointed to the Board in July 2018.

Mr Khouri is the Chairman of Abu Dhabi Motorsport Management, operator of Yas Marina Circuit and home of the F1 Etihad Airways Abu Dhabi Grand Prix, and Flash Entertainment, the leading music, sports and entertainment events company based in Abu Dhabi. He is a Board Member of the Abu Dhabi Media Zone Authority and Miral Asset Management. Since 2008, Abdulla has been the Executive Director of Government Affairs for the Executive Affairs Authority of Abu Dhabi.

Egon Durban, Member of the Board
Egon Durban was appointed to the Board in December 2019.

Mr Durban is a founding principal and Co-CEO of Silver Lake. He serves as Chairman of the Board of Directors of Endeavor Group Holdings. He also serves on the board of directors of Dell Technologies, Learfield IMG College, Motorola Solutions, Pivotal Software, SecureWorks, UFC, Unity Technologies, VMware, and Verily. Mr. Durban graduated from Georgetown University with a B.S.B.A. in Finance.

City Football Group Limited

Strategic Report

The Directors present their annual report on the affairs of the Group and Company, together with the audited financial statements, for the year ended 30 June 2019.

The Company meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100 issued by the Financial Reporting Council ('FRC'). The Company financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the FRC and with those parts of the Companies Act 2006 applicable to Companies reporting under FRS 101.

Principal activities

The principal activity of the Group is the operation of professional football clubs as well as providing football and commercial services to other organisations.

Business review and key performance indicators

City Football Group Limited was created in January 2013 and holds investments in multiple football clubs around the world, specifically Manchester City Football Club, New York City Football Club, Melbourne City Football Club, Montevideo City Torque (previously Club Atlético Torque SAD) and Girona Futbol Club SAD as well as holding smaller stakes in Yokohama F. Marinos and Sichuan Jiuniu Football Club.

In November 2019, United States-based Silver Lake signed a definitive agreement to make a $500 million equity investment in the Group, equivalent to just over 10% of the company's post-investment value. The deal valued the Group at $4.8 billion and will be used by the Group to fund international business growth opportunities and develop the Group's technology and infrastructure assets.

The Group has reported a bottom line loss of £83.8m for the year *(2018: £44.8m)* as the newly formed service companies and New York City Football Club continue to build their business, offset by the profitability of Manchester City Football Club and Girona Futbol Club SAD.

Manchester City Football Club generated revenue of £535.2m, a 6.9% overall increase on the previous season – driven by growth in broadcast revenue of 19.7% to £253.2m. On a like-for-like basis, matchday revenues increased by 2.8% to £58.2m and commercial revenues reduced by 1.5% to £228.8m. A reduced number of concerts held at the Etihad Stadium (2019: 5 nights; 2018: 8 nights) masks continued commercial growth in our partnerships, image rights, merchandising, and stadium tour businesses.

More fans than ever witnessed a Premier League match at the Etihad Stadium, with an average attendance at Premier League home games at a record 54,132, and a record 418,000 tickets sold for cup matches. The Club has net assets of more than £756m and remains committed to controlling wage costs. Wage/revenue ratio sits at a healthy 59% (*2018: 52%*).

New York City Football Club generated revenues of £36.9m during the period, an 8.7% overall decrease on the previous season resulting from last year's one time adjustment for stadium naming rights revenues. Otherwise commercial revenue remained flat to 2017/18 in the Club's fourth season, while earning Major League Soccer ('MLS') Playoffs qualification for the 3rd consecutive season and further establishing itself as one of the pre-eminent franchises in MLS on and off the pitch. Melbourne City Football Club contributed revenues of £8.7m.

Girona Futbol Club SAD contributed revenues of £50.8m in 2018/19, a 27% increase from the 2017/18 season. The club continued a strong commercial performance, with all major revenue streams increased year on year and Girona returning profits for the second successive season. On pitch performance was disappointing, with the club relegated to Segunda Division but Girona are well placed to make an immediate return to La Liga and the Directors remain positive about the long term success of the club.

During the year, City Football Group Limited acquired a 33% share in Sichuan Ubtech City Sports Industry Development Company Limited, a joint venture which owns 90% of Sichuan Jiuniu FC, a third tier Chinese football club.

The Group's financial position remains strong, particularly given the Silver Lake investment outlined above. The Group has net assets of more than £784m.

The Group measures performance against the following key indicators:

Key performance indicator	2018/19	2017/18
First team performance – MCFC – Premier League finishing position	1st place	1st place
First team performance – MCFC – UEFA Champions League	Quarter final	Quarter final
First team performance – MCWFC – FA Women's Super League 1	2nd place	2nd place
First team performance – NYCFC – MLS Eastern Conference finishing position (2018 season)	3rd place	2nd place
First team performance – Melbourne City FC – A-League finishing position	5th place	3rd place
First team performance – Melbourne City Women's FC – W-League	5th place	4th place
First team performance – Girona FC – La Liga	18th place	10th place
Wage turnover ratio – MCFC	59%	52%
Average home league attendance – MCFC	54,132	54,073
Average home league attendance – MCWFC	1,509	1,409
Average home league attendance – NYCFC (2018 season)	19,810	22,321
Average home league attendance – Melbourne City FC	7,532	9,264
Average home league attendance – Girona FC	10,873	10,405
Profit on disposal of players' registrations	£42m	£40m

City Football Group Limited

Strategic Report *(continued)*

Risks and uncertainties

The Board acknowledges that there are a number of risks and uncertainties which could have a material impact on the Group's performance. The Group's income is affected by the performance of the Manchester City Football Club first team because significant revenues are dependent upon strong team performances in the Premier League, domestic and European Cup competitions. In addition to this, as the Group increases its global footprint, there will be similar risks in New York, Melbourne and Girona related to global partnerships. The Group is regulated by the rules of the FA, Premier League, FFA, MLS, La Liga, UEFA and FIFA and any change to these regulations could have an impact as the regulations cover areas such as: the distribution of broadcasting income, the eligibility of players and the operation of the transfer market. The Group monitors its compliance with all applicable rules and regulations on a continuous basis and considers the impact of any potential changes.

On 15 May 2019, Manchester City Football Club was referred to UEFA's Club Financial Control Body's Adjudicatory Chamber ("CFCB AC"). On 14 February 2020, the CFCB AC announced disciplinary measures on Manchester City Football Club directing that it shall be excluded from participation in UEFA club competitions in 2020/21 and 2021/22 seasons and pay a fine of €30m. This decision is subject to an appeal to the Court of Arbitration for Sport ("CAS"). The Directors are entirely confident of a positive outcome however, a provision has been included to cover the potential fine.

The Directors' acknowledge the uncertainty of the impact of Covid-19 on professional football but the business is in a strong financial position, supported by significant cash balances, to mitigate its impact on the business.

Future developments

The Group will continue to invest in the local communities in which it is present whilst looking to increase the prevalence of the City Football Group brand on a global scale by leveraging the successful brands that it controls. Academy player development is a long-term goal for the Group across all of its football club subsidiaries to ensure the growth of local, home grown talent whilst providing the players with opportunities to compete on multiple continents.

On pitch success will be vital in the Group's ability to attract and retain global partners and the most talented players whilst increasing the local and international fan base of each of its football club subsidiaries. This will be obtained by setting stretching but achievable targets for our players and teams.

Following on from the investment in the Group from new shareholders, the Chinese football market is important to the growth opportunities of the Group, which will allow the brand to further develop across the region. CMC's investment will help to increase the global fan base, attract new talent and develop partner relationships in the region.

On 28 November 2019, the Group announced a deal to acquire a majority stake in its eighth club, Mumbai City FC in the Indian Super League, marking a major move into Indian football. The Group will become the 65% majority shareholder of the Club, alongside existing shareholders. Completion of the investment remains subject to the approval of certain football bodies.

By order of the Board

J MacBeath

J MacBeath
Director
31st March 2020

City Football Group Limited

Directors' Report

Directors

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

K Al Mubarak (Chairman)
M Edelman
S Pearce
M Al Mazrouei
J MacBeath
A Galassi
R Li
A Khouri (appointed 8th July 2018)

Result for the period

The loss for the financial period was £83,778,000 (*2018: £44,818,000 loss*). The Directors do not propose a dividend (*2018: £nil*).

Political and charitable contributions

The Group made no political contributions (*2018: £nil*). Donations to UK charities amounted to £5,013,917 (*2018: £4,464,320*). This amount includes £3.4m supporting Premier League youth and community development (*2018: £3.0m*).

Employment policies

Disabled employees are given full and fair consideration for all types of vacancy. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain him/her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Group and are of interest to them as employees.

Financial risk management

Financial risk management policies are discussed in note 24 to the consolidated financial statements.

Events after the reporting date

Events after the reporting date are discussed in note 26 to the consolidated financial statements.

Environmental and local community

The Group acknowledges its responsibility to provide a safe and healthy environment in which it operates and endeavours to maintain or enhance its local environment through the development and maintenance of shared facilities that are accessible to all communities' members.

The Group's policy is to develop structures for the future in addition to fulfilling the immediate requirements of the football clubs that it operates.

Future developments

Future developments are discussed in the Strategic Report.

Financial risk management

The Group's principal financial instruments, other than derivatives, comprise borrowings, cash and liquid resources, and various items such as trade and other receivables and trade and other payables that arise directly from its operations. The main purpose of the financial instruments is to finance the Group's operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks.

City Football Group Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the Group financial statements in accordance with IFRS, as adopted by the European Union. The Directors have elected to prepare the Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union and applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the Group 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. They are also 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.

Auditors

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

By order of the Board

J MacBeath

J MacBeath
Director
31st March 2020

Independent Auditors' Report to the Members of City Football Group Limited

Opinion

We have audited the financial statements of City Football Group Limited ('the Parent Company') and its subsidiaries ('the Group') for the year ended 30 June 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Notes to the Consolidated Financial Statements, Company Statement of Financial Position, Company Statement of Changes in Equity and Notes to the Company Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2019 and of the Group's result for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Independent Auditors' Report to the Members of City Football Group Limited *(continued)*

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditors' Report to the Members of City Football Group Limited *(continued)*

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

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

31.03.2020

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

City Football Group Limited

Consolidated Income Statement

	Note	2019 £000	2018 £000
Continuing operations			
Revenue	4	**631,373**	584,791
Other operating income	5	**6,847**	4,627
Operating expenses	5	**(754,902)**	(664,106)
Operating loss before profit on disposal of player registrations		**(116,682)**	(74,688)
Profit on disposal of players' registrations		**42,349**	40,131
Operating loss		**(74,333)**	(34,557)
Finance income	7	**2,274**	898
Finance costs	8	**(5,071)**	(4,644)
Stadium finance lease costs		**(4,708)**	(4,547)
Share of losses from joint ventures		**(1,139)**	(489)
Loss before tax from continuing operations		**(82,977)**	(43,339)
Income tax	10	**(801)**	(1,479)
Loss from continuing operations		**(83,778)**	(44,818)
Attributable to:			
Owners of the parent		**(81,126)**	(41,435)
Non-controlling interests		**(2,652)**	(3,383)
		(83,778)	(44,818)

The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated.

The notes on pages 16 to 43 form part of these financial statements.

City Football Group Limited

Consolidated Statement of Comprehensive Income

	2019 £000	2018 £000
Loss for the year	**(83,778)**	(44,818)
Other comprehensive income:		
Foreign currency translation differences, net of tax	**(2,556)**	1,224
Unrealised gain on revaluation of MLS investment	**82,358**	-
Deferred tax on unrealised gain on revaluation of MLS investment	**(17,295)**	-
Total comprehensive profit/(loss) for the period, net of tax	**(21,271)**	(43,594)
Attributable to:		
Owners of the parent	**(31,632)**	(40,211)
Non-controlling interests	**10,361**	(3,383)
Total comprehensive profit/(loss) for the period, net of tax	**(21,271)**	(43,594)

The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated.

The notes on pages 16 to 43 form part of these financial statements.

Foreign currency translation differences would be reclassified to the consolidated income statement upon disposal of an overseas subsidiary.

City Football Group Limited

Consolidated Statement of Financial Position

Registered number: 08355862

	Note	2019 £000	2018 £000
Non-current assets			
Intangible assets	11	**476,556**	517,465
Property, plant and equipment	12	**447,355**	441,322
Investment in joint ventures	9	**13,147**	11,793
Other investments	13	**146,820**	61,826
Trade and other receivables	15	**5,388**	27,481
		1,089,266	1,059,887
Current assets			
Trade and other receivables	15	**175,682**	265,560
Derivative financial instruments	14	**1,302**	-
Cash and cash equivalents		**65,402**	17,409
		242,386	282,969
Total assets		**1,331,652**	1,342,856
Current liabilities			
Trade and other payables	16	**(260,337)**	(251,180)
Derivative financial instruments	14	**-**	(126)
Deferred income	18	**(172,185)**	(161,113)
		(432,522)	(412,419)
Net current liabilities		**(190,136)**	(129,450)
Total assets less current liabilities		**899,130**	930,437
Non-current liabilities			
Trade and other payables	16	**(90,220)**	(118,694)
Deferred tax liabilities	19	**(24,891)**	(7,596)
		(115,111)	(126,290)
Total liabilities		**(547,633)**	(538,709)
Net assets		**784,019**	804,147
Equity			
Share capital	20	**534,579**	534,579
Share premium		**479,104**	479,104
Merger reserve		**694,522**	694,522
Revaluation reserve		**52,050**	-
Foreign currency translation reserve		**(8,857)**	(6,301)
Retained earnings		**(967,756)**	(886,630)
Equity attributable to owners of the parent		**783,642**	815,274
Non-controlling interests		**377**	(11,127)
Total equity		**784,019**	804,147

The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated.

The notes on pages 16 to 43 form part of these financial statements.

These financial statements were approved by the Board of Directors on 31st March 2020 and were signed on its behalf by:

J MacBeath

J MacBeath
Director

City Football Group Limited

Consolidated Statement of Changes in Equity

	Attributable to the owners of the parent								
	Share capital £000	Share premium £000	Merger reserve £000	Translation reserve £000	Revaluation reserve £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
As at 1 July 2017	534,579	479,104	694,522	(7,525)	-	(845,012)	855,668	(7,122)	848,546
Comprehensive income									
Loss for the year	-	-	-	-	-	(41,435)	(41,435)	(3,383)	(44,818)
Other comprehensive income									
Currency translation differences	-	-	-	1,224	-	-	1,224	-	1,224
Total comprehensive income	-	-	-	1,224	-	(41,435)	(40,211)	(3,383)	(43,594)
Acquisition of minority interest	-	-	-	-	-	(183)	(183)	(622)	(805)
As at 30 June 2018	534,579	479,104	694,522	(6,301)	-	(886,630)	815,274	(11,127)	804,147
Comprehensive income									
Loss for the year	-	-	-	-	-	(81,126)	(81,126)	(2,652)	(83,778)
Other comprehensive income									
Currency translation differences	-	-	-	(2,556)	-	-	(2,556)	-	(2,556)
Revaluation of MLS investment in the year	-	-	-	-	65,886	-	65,886	16,472	82,358
Deferred tax on revaluation of MLS investment	-	-	-	-	(13,836)	-	(13,836)	(3,459)	(17,295)
Total comprehensive income	-	-	-	(2,556)	52,050	(81,126)	(31,632)	10,361	(21,271)
Issue of share capital	-	-	-	-	-	-	-	1,143	1,143
As at 30 June 2019	**534,579**	**479,104**	**694,522**	**(8,857)**	**52,050**	**(967,756)**	**783,642**	**377**	**784,019**

The merger reserve was created when City Football Group Limited ('the Company') acquired Manchester City Limited ('MCL') on 2 February 2013. Shares in the Company were exchanged for shares in MCL. This was accounted for using merger accounting principles.

The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated.

The notes on pages 16 to 43 form part of these financial statements.

City Football Group Limited

Consolidated Statement of Cash Flows

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Loss before tax from continuing operations		**(82,977)**	(43,339)
Non cash adjustments to reconcile loss before tax to net cash flows			
Finance income		**(2,274)**	(898)
Finance costs		**5,071**	4,644
Stadium finance lease costs		**4,708**	4,547
Share of loss of a joint venture		**1,139**	489
Profit on disposal of players		**(42,349)**	(40,131)
Amortisation of players' registrations	5	**133,197**	136,902
Amortisation of other intangible assets	5	**573**	1,119
Investment impairment		**2,058**	1,673
Depreciation	5	**17,133**	15,893
Impairment of fixed assets	5	**-**	3,557
Profit/(loss) on disposal of property, plant and equipment	5	**389**	(27)
Fair value (gains)/losses on derivative financial instruments		**(1,428)**	126
Decrease/(increase) in trade and other receivables		**72,204**	(49,909)
Increase/(decrease) in trade and other payables and other deferred income		**47,254**	(35,316)
Net cash flow from operating activities		**154,698**	(670)
Cash flows from financing activities			
Interest paid		**(2,226)**	(3,775)
Interest element of finance lease payments		**(4,342)**	(3,306)
Interest received		**1,202**	355
Capital element of finance lease rental payments		**(383)**	(365)
Net cash used in financing activities		**(5,749)**	(7,091)
Cash flows from investing activities			
Purchases of players' registrations		**(163,680)**	(228,698)
Purchases of other intangible assets		**(45)**	(661)
Proceeds from players' registrations		**86,555**	80,208
Purchases of property, plant and equipment		**(19,631)**	(29,931)
Proceeds from disposal of property, plant and equipment		**847**	276
Purchases of subsidiary undertaking net of cash acquired		**-**	(3,810)
Purchase of joint venture		**(3,455)**	(12,771)
Purchase of investments		**(3,732)**	(2,808)
Net cash used in investing activities		**(103,141)**	(198,195)
Net increase/(decrease) in cash and cash equivalents	23	**45,808**	(205,956)
Exchange gains on cash and cash equivalents		**2,185**	1,545
Cash and cash equivalents at 1 July		**17,409**	221,820
Cash and cash equivalents at 30 June	23	**65,402**	17,409

The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated.

The notes on pages 16 to 43 form part of these financial statements.

City Football Group Limited

Notes to the Consolidated Financial Statements

1 General information

City Football Group Limited is a private company limited by share capital incorporated and domiciled in England and Wales under the Companies Act 2006. The registered office is Regent's Place 14th Floor, 10 Brock Street, London, NW1 3FG. The principal activities of the Group are discussed in the Strategic Report.

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand except when otherwise stated.

2 Significant accounting policies

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

Basis of preparation

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

The Group's consolidated financial statements have been prepared in accordance with IFRS, as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and liabilities (including derivative financial instruments) which are recognised at fair value through the income statement and investments at fair value through other comprehensive income.

The Directors have elected to carry the Etihad Stadium at cost under IFRS, as such; the transitional 'deemed cost' as at 1 June 2014 is the previously revalued Etihad Stadium value from 31 May 2012 plus additions thereafter at cost to 31 May 2014. The revaluation completed at 31 May 2015 has been reversed as part of the transitional adjustments.

Going concern

The Directors have prepared a detailed cash flow forecast for the period to June 2021 which shows that the Group is able to operate and meet its liabilities as they fall due for payment for at least 12 months from the date of approval of these financial statements utilising its existing working capital facilities. The Directors' opinion is supported by the $500 million equity investment in the Group by Silver Lake which will be used by the Group to fund international business growth opportunities and develop further CFG technology and infrastructure assets. No existing CFG shareholders sold equity as a result of this primary capital investment.

The Directors' acknowledge the uncertainty of the impact of Covid-19 on professional football. At the time of issue of these financial statements, professional football is suspended in the countries in which the group operates. Whilst the group continues to monitor the situation closely, and continue to model scenarios for how the current season will resume in due course, the environment is continuously changing and as such, projecting when the impacts of Covid-19 may ease and when and how the restrictions on fixtures will be lifted is challenging. The Directors have considered various potential scenarios, and consider that the group is in a strong financial position, supported by significant cash balances, to mitigate its impact on the business.

The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

New and amended standards and interpretations mandatory for the first time for the financial period beginning 1 July 2018 and adopted by the Group

Annual improvements 2015-2018 and 2016-2019 cycles are a collection of amendments to standards as part of the IASB programme of annual improvements. The standards impacted are listed below:

- IFRS 15 Revenue from contracts with customers
- IFRS 9 Financial instruments
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The Group adopted IFRS 9 Financial Instruments ('IFRS 9') and IFRS 15 Revenue from contracts with customers ('IFRS 15') effective from 1 July 2018.

The implementation of IFRS 9 and IFRS 15 did not have a material impact on the Group's financial statements as at 1 July 2018. The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated.

2 Significant accounting policies *(continued)*

New and amended standards and interpretations adopted early

No standards have been adopted early by the Group.

New and amended standards and interpretations issued but not yet effective

- IFRS 16 Leases (mandatory for the first time for the financial year beginning 1 July 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (mandatory for the first time for the financial year beginning 1 July 2019)

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group's income statement, net assets or equity. Adoption may affect the disclosures in the Group's financial statements. The Directors are currently in the process of considering the impact of IFRS 16 Leases and do not expect this to have a material impact on the Group's financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the City Football Group Limited ('the Company') and its subsidiary undertakings up to 30 June 2019.

The Company was incorporated on 10 January 2013 and acquired Manchester City Limited ('MCL') on 2 February 2013 as part of this restructure. Shares in the Company were exchanged for shares in MCL. This has been accounted for using merger accounting principles.

Where merger accounting is used, the investment is recorded in the Company's balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Subsidiaries

In the Group financial statements, merged subsidiary undertakings are treated as if they had always been a member of the Group. The results of such a subsidiary are included for the whole period in the year it joins the Group, being the date on which the Group obtains control. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous reporting date and the shares issued by the Company as consideration as if they had always been in issue. Any difference between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them is taken to reserves.

The results of overseas subsidiaries are translated at the average rates of exchange during the period and the statement of financial position translated into pounds sterling at the rates of exchange ruling on the reporting date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are recognised in other comprehensive income.

All intra-Group balances and transactions are eliminated in full. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of shares from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is subsequently measured at its fair value, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in operating expenses.

2 Significant accounting policies *(continued)*

Business combinations and goodwill *(continued)*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in the income statement or as a change to other comprehensive income.

If the contingent consideration is classified as equity, it will not be revalued. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units ('CGUs') that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

The Group has elected to grandfather acquisition accounting entries under UK GAAP for all acquisitions prior to the transition date of 1 June 2014 as part of the first-time adoption of IFRS; as such the previous accounting treatment has not been revisited upon transition to IFRS.

Foreign currency translation

The Group's consolidated financial statements are presented in pounds sterling, which is also the parent Company's functional currency, which is the currency of the primary economic environment in which the entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the reporting date. All differences are taken to the income statement with the exception of all monetary items that form part of a net investment in a foreign operation. These are recorded in other comprehensive income until the disposal of the net investment, at which time they are reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or the income statement is also recognised in other comprehensive income or the income statement respectively).

Group companies

The assets and liabilities of foreign operations are translated into pounds sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 June 2014 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2 Significant accounting policies *(continued)*

Group companies

Prior to 1 June 2014, the date of transition to IFRS, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Revenue recognition

Revenue represents the fair value of considerations received or receivable from the Group's principal activities, excluding Value Added Tax, other sales taxes and transfer fees. The Group's principal revenue streams are matchday income, TV broadcasting income, commercial activities relating to the Group. The Group recognises revenue based on the fair value of each performance obligation within a contract, once the obligations have been extinguished, for each of the principal activities which are separated by reportable segments described below.

The performance obligations of City Football Group are directly related to the typical payment terms of Customers.

Matchday

Matchday revenue is based on men's and women's football matches played by the clubs within the Group throughout the period. Revenue from each match is recognised only after each match is played throughout the period. Matchday revenue includes revenue generated from the four clubs for the competitions outlined below.

United Kingdom

Manchester City Football Club domestic and European matchday activities played at the Etihad Stadium in Manchester (men's first team) and The Academy Stadium (women's first team and Elite Development Squad ('EDS')), together with the Group's share of gate receipts from domestic cup matches not played at the Etihad Stadium and revenue generated from pre-season tours. The share of gate receipts payable to the opposition club and competition organiser for domestic cup matches held at the Etihad Stadium is recognised as an operating expense once the match has been played. General admission tickets for a matchday are refunded up to 7 days prior to the event.

Matchday revenue received in advance of the year end, relating to the following year is treated as deferred income until such time that the related match is played when the revenue is recognised. Deferred matchday revenue mainly relates to seasonal facilities at the Etihad Stadium.

The Group previously recognised gross revenue and cost of sales for the catering contract with Fabulous Fan Fayre who provide customers with refreshments on a matchday at the Etihad Stadium as the Group was acting as the principal in this arrangement. Following an assessment under IFRS 15, the net revenue generated from the contract should be recognised net as royalty income as the Group is acting as the agent.

United States of America

New York City Football Club domestic matchday activities played at Yankee Stadium for Major League Soccer regular season, playoff matches and revenue generated from pre-season tours.

Matchday revenue received in advance of the year end, relating to the following year is treated as deferred income until such time that the related match is played when the revenue is recognised.

Australia

Melbourne City Football Club domestic matchday activities played at AAMI Park and revenue generated from pre-season tours.

Matchday revenue received in advance of the year end, relating to the following year is treated as deferred income until such time that the related match is played when the revenue is recognised.

Spain

Girona Futbol Club SAD domestic matchday activities played at Estadi Montilivi and revenue generated from pre-season tours.

Matchday revenue received in advance of the year end, relating to the following year is treated as deferred income until such time that the related match is played when the revenue is recognised.

2 Significant accounting policies *(continued)*

TV broadcasting

TV broadcasting income represents revenue generated from all UK and overseas media contracts, including contracts negotiated on behalf of participating clubs by the Premier League, La Liga, UEFA and MLS.

Revenue from the Premier League in respect of TV broadcasting for each football season is recognised in the corresponding financial year. The fixed element of revenue received from the Premier League is recognised as home games are played in the season. Facility fees for live coverage, near live coverage and highlights are earned for home and away matches and recognised following the completion of each match.

UEFA distributions from participation in the Champions League include market pool payments recognised over the matches played and fixed amounts for participation in individual matches recognised when matches are played. Distributions relating to team performance represent variable consideration and are recognised using the most likely amount method based on management's estimate of where the men's first team will finish at the end of the season. At the year end there is material certainty over on pitch performance.

Other commercial

Other commercial revenue includes revenue derived from the City Football Group and its subsidiary football clubs being Manchester City, New York City, Melbourne City and Girona through partnership and other commercial contracts. Revenue from related activities such as concerts, conferences and events is recognised following the completion of the event.

Revenue receivable in advance of the event is deferred until its completion when it is released to revenue. Revenue receivable in relation to partnership contracts over and above the minimum guaranteed revenue within the contract is recognised as revenue when each performance obligation within a contract has been extinguished. Revenue receivable from partners in relation to bonuses for the success of the first team in certain competitions represent variable consideration which is estimated at the contract inception using the most likely amount method based on management's estimate of where the first team will finish at the end of each season. Revenue is recognised over the term of the contract in line with the partnership benefits enjoyed by each partner. At the year end there is material certainty over on pitch performance.

Other operating income

Income generated from other operations such as distributions from Major League Soccer (MLS) and income from the Elite Player Performance Plan ('EPPP') being a youth development scheme initiated by the Premier League is recognised in the financial year for the season to which it relates. It also includes contributions from FIFA in relation to player participation in the FIFA world cup.

Other receivables and deferred income

Revenue relating to matchday activities, TV broadcasting and other commercial received after the financial year end to which it relates is accrued as earned.

Revenue relating to matchday activities, TV broadcasting and other commercial receivable prior to the year end in respect of seasons in future financial years is deferred.

Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2 Significant accounting policies *(continued)*

Deferred tax *(continued)*

Deferred tax items are recognised in correlation to the underlying transaction either in the income statement, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (not exceeding goodwill) if it is incurred during the measurement period or in the income statement.

Deferred tax assets are only recognised by the Group when management assess it is probable they can be utilised in the foreseeable future.

VAT and other sales taxes

Revenues, expenses and assets are recognised net of the amount of VAT or other sales tax, except where the VAT or sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT or sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of VAT or sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets including player registrations, once classified as held for sale are not depreciated or amortised.

Leases

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement. A leased asset is depreciated over the estimated useful life of the asset or the term of the lease.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost comprises purchase price and any directly attributable costs.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment charges are recognised in the income statement when the carrying amount of the asset exceeds its estimated recoverable value, being the higher of the asset's fair value less cost to sell and value in use. These amounts are calculated with reference to future discounted cash flows that the asset is expected to generate when considered as part of a CGU. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Land is not depreciated. Depreciation on other assets is provided on a straight line basis to write down assets to their estimated residual value over their estimated useful economic lives from the date of acquisition by the Group as follows:

Freehold buildings	-	2% straight line
Long leasehold buildings	-	estimated useful economic life of the asset
Short leasehold buildings	-	estimated useful economic life of the asset
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% straight line

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Players' registrations and football staff remuneration

Initial recognition

Players' registration costs including transfer fees, agent fees, Premier League levy fees and other directly attributable costs are initially recognised at the fair value of the consideration payable for the acquisition. When a player registration is acquired, management will make an assessment to estimate the likely outcome of specific performance conditions. Contingent consideration will be recognised in the players' registration costs when management believes the performance conditions are met in line with the contractual terms. Periodic reassessments of the contingent consideration are completed. Any contingent amounts that management believe will be payable are included in the players' registration from the date management believe the performance conditions are met. Any additional amounts of contingent consideration not included in the costs of players' registrations are disclosed separately as a commitment. Amortisation of costs is on a straight line basis over the length of the player's contract.

Renegotiation

The costs associated with an extension of a playing contract are added to the residual balance of the players' registration at the date of signing the contract extension. The revised net book value is amortised over the remaining renegotiated contract length.

Impairment

Group management believe the value in use of a player registration cannot be determined on a player by player basis unless a decision has been made to dispose of the player or the cost is recovered through an insurance claim, for example if a player were to suffer a career threatening injury. If such a case were to arise, management would assess the registration's fair value less cost to sell in comparison to its carrying value. Where the estimated fair value less cost to sell of a single player registration was below its carrying value, management would record an impairment charge in the income statement immediately.

2 Significant accounting policies *(continued)*

Players' registrations and football staff remuneration *(continued)*

Disposal

Players' registrations available for sale are classified as assets held for sale when their carrying value is expected to be recovered principally through sale rather than continued use and a sale is considered highly probable. For sale to be highly probable, management must have committed to sell the registration, it must be actively marketed by the Group, with offers being received prior to the year end. For a registration to be classified as held for sale, management should expect to sell the asset within 12 months of the date of reclassification. These assets would be reclassified as current assets and stated at the lower of their carrying value and their fair value less cost to sell with any impairment loss being recognised in the income statement at the date of reclassification.

When a player registration sale is completed, the fair value of consideration receivable less any applicable transaction costs, is assessed against the registration's carrying value. Where the amounts are different, gains and losses arising as a result of the sale are recorded and disclosed separately within profit and loss on players' registrations in the income statement. Contingent consideration receivable from a sale of a player's registration is only recognised in the income statement once the performance conditions within the contract are met.

Remuneration

Player remuneration is recorded in the income statement in line with the conditions of the individual contracts. Performance bonuses are recorded as they become legally or contractually payable on a player by player basis. Loyalty and signing on fees payable are recorded in the income statement in the period to which they relate.

Investments

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

Other investments include investments not deemed to be associates, jointly controlled entities or subsidiaries by managements. These investments are stated at fair value and includes the Group's investment in Major League Soccer ('MLS').

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in its joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint ventures are initially recognised at cost. The carrying amount of the investments are adjusted to recognise changes in the Group's share of net assets of the joint ventures since the acquisition date. The income statement reflects the Group's share of the results of the operations of the joint ventures.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as amortised cost, financial assets at fair value through profit or loss or fair value through other comprehensive income. All financial assets are recognised initially at fair value.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Financial assets classified as amortised cost

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Derivatives, including separated embedded derivatives, are classified as fair value through profit and loss. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are initially measured at fair value. Dividends from investments in equity instruments are recognised when the Company establishes the right to receive payment, it is probable the economic benefits will flow to the entity and the amount can be reliably measured. Dividends are recognised in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income. Changes in fair value are recognised in other comprehensive income and are never recycled to profit and loss, even if the asset is sold or impaired.

Financial assets classified as amortised cost

The asset is measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method ('EIR') and is recognised in profit and loss. Changes in fair value are recognised in profit and loss when the asset is derecognised or reclassified.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as amortised cost or financial liabilities at fair value through profit or loss. All financial liabilities are recognised initially at fair value.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

2 Significant accounting policies *(continued)*

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedging

Derivatives used to hedge documented risks are initially recognised at fair value on the date of inception and subsequently measured at fair value at the end of each period. Subsequent changes in fair value are recognised depending on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges in order to hedge future cash flows denominated in foreign currencies. The Group had no designated hedges in place at 1 June 2018 relating to future income recognised up to and including the year ended 30 June 2019.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The full fair value of the derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to the income statement when the hedge item affects profit or loss. Amounts recognised in other comprehensive income and accumulated in equity are reclassified to the income statement in the periods when the hedged item is recognised in the income statement. When a hedging derivative is sold or expires, or when it no longer meets the criteria for hedge accounting, any cumulative gains or losses previously recognised in equity remains in equity and is only recognised when the hedged item is ultimately recognised in the income statement.

Capital grants

Grants receivable in respect of capital expenditure are treated as deferred income and released to the income statement over a future period when there is reasonable assurance that the grant conditions will be fully complied with. This period will equal the economic life of the assets to which the grants relate. Deferred grant income in the statement of financial position represents total grants received less amounts credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Pension costs

A subsidiary of the Group is one of a number of participating employers of The Football League Limited Pension and Life Assurance Scheme which has been closed for new employees.

2 Significant accounting policies *(continued)*

Pension costs *(continued)*

The Group is unable to identify its share of the assets and liabilities of the scheme. As such, the Group's contributions into the scheme are recognised in the income statement when they fall due. The Group also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group's contributions into this scheme are recognised in the income statement when they fall due.

Obligations under finance leases

After initial recognition, interest bearing obligations under finance leases are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

3 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and assumptions used by management are based on historical experience and other relevant factors.

Player registrations

The costs associated with players' registrations are initially recognised at the fair value of the consideration payable for the acquisition. When a player registration is acquired, management will make an assessment to estimate the likely outcome of specific performance conditions. Contingent consideration will be recognised in the players' registration costs when management believes the performance conditions are met in line with the contractual terms. Subsequent reassessments of the contingent consideration payable are included in the players' registration. The estimate of the amount of contingent consideration payable requires management to assess, on a player by player basis, when it is deemed that the specific performance terms are met.

Management will perform an impairment review of player registrations, if events indicate that the carrying value is not recoverable through an inflow of future economic benefits. Whilst management do not feel it is appropriate to separate an individual player registration from a single CGU, being the operations of the club in possession of the registration, there may be limited circumstances in which a registration is removed from the CGU and recoverability assessed separately. Where such indications exist, management will compare the carrying value of the asset with management's best estimate of fair value less cost to sell.

Goodwill and other intangible assets

Management tests goodwill for impairment on an annual basis with the recoverable amount of the related CGU being calculated on a fair value basis. Estimates and assumptions are used to calculate the future estimated cash flows and the selection of a suitable discount rate in order to calculate the present value of future cash flows.

Management will perform an impairment review of other intangible assets, if events indicate that the carrying value is not recoverable through an inflow of future economic benefits. Where such indications exist, management will compare the carrying value of the asset with management's best estimate of fair value less cost to sell.

Notes to the Consolidated Financial Statements *(continued)*

3 Significant accounting judgments, estimates and assumptions *(continued)*

Financial instruments

Financial instruments due to be settled or received in greater than one year are discounted when the time value of money is considered by management to be material to the Group. In such instances, management will estimate the timing of future cash flows and select an appropriate discount rate in order to calculate the present value of future cash flows related to the financial instrument.

Fair value of MLS investment

Management must assess the fair value of the investment it has made in the MLS on an annual basis. Management will estimate the fair value of the MLS investment using publicly available information on other franchises entering the league over time. Changes in fair value of the investment will be recorded through OCI.

Litigation and claims

The announcement of UEFA's CFCB on 14 February 2020 requires judgement to assess whether the event was adjusting or non-adjusting at the reporting date. While the Directors are entirely confident of a positive outcome under IAS 10 they are required to include a provision in case of an unfavourable decision by CAS.

Notes to the Consolidated Financial Statements *(continued)*

4 Revenue

The principal activity of the Group is the operation of professional football clubs, including professional women's teams and the development of academy teams within these clubs. These activities also include support activities which underpin the success of the football clubs. A breakdown of revenue has been provided below. All of the results for the above activities are included within the primary statements.

External revenue can be analysed into three main components, with broadcasting analysed further into revenue arising from UEFA competitions and all other broadcasting revenue.

	2019	2018
	£000	£000
Matchday	**73,322**	74,249
Broadcasting - UEFA	**85,656**	54,578
Broadcasting - All Other	**212,209**	195,160
Other commercial activities	**260,186**	260,804
	631,373	584,791

External revenue that is attributable to markets outside the United Kingdom is £98,795,000 *(2018: £91,398,000).*

The Group has applied IFRS 15 using the cumulative effect method. Therefore the comparative information has not been restated and continues to be reported under IAS 8 and IAS 11.

Following an assessment under IFRS 15 and a revised contract with Fabulous Fan Fayre the net revenue generated from the contract should be recognised as royalty income as Manchester City are acting as the agent. This conclusion has been reached due to the supplier being primarily responsible for fulfilling the promise to the customer and the inventory risk falling on them before the transfer to the customer. There is no impact on the balance sheet as a result of this adjustment.

The restated figures, not including this adjustment, are shown below:

	2019	2018
	£000	£000
Matchday	**76,531**	74,249
Broadcasting - UEFA	**85,656**	54,578
Broadcasting - All Other	**212,209**	195,160
Other commercial activities	**262,033**	260,804
	636,429	584,791

Notes to the Consolidated Financial Statements *(continued)*

5 Operating income and expenditure

	2019 £000	2018 £000
Other operating income		
Other operating income	**6,847**	4,627
	6,847	4,627
Operating expenditure		
Direct cost of sales and consumables	**9,605**	14,665
Remuneration of auditors and its associates:		
Audit fees - Group	**91**	91
Audit fees - Overseas subsidiaries	**94**	51
Tax Services - auditors	**80**	110
Tax Services - other	**162**	87
Hire of other assets - operating leases	**13,113**	12,257
Capital grants released and amortised	**(225)**	(329)
Other external charges	**180,155**	146,632
Employee costs (note 6)	**400,535**	333,098
Amortisation of player registrations	**133,197**	136,902
Amortisation of other intangible asset	**573**	1,119
Loss/(profit) on disposal of property, plant and equipment	**389**	(27)
Impairment of City Football Group Stadium Group LLC fixed assets	**-**	3,557
Depreciation of tangible property, plant and equipment:		
Owned	**13,203**	12,027
Leased	**3,930**	3,866
	754,902	664,106

Other operating income consists of Elite Player Performance Plan ('EPPP') income and MLS and Soccer United Marketing ('SUM') distributions.

6 Employees

Employee benefits and average number

The average number of employees and directors during the period is set out and analysed by category in the table below:

Average number of employees	**2019**	2018
Football staff – including players	**480**	466
Commercial/administration staff	**651**	581
	1,131	1,047

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**356,261**	295,411
Social security costs	**42,737**	36,354
Other pension costs	**1,537**	1,333
	400,535	333,098

Key management compensation

Key management personnel include the management team of City Football Group Limited. Non-Executive Directors receive no remuneration from the Group. The compensation paid or payable to key management personnel for employment services is shown in the table below:

	2019 £000	2018 £000
Salaries and other short term benefits (including bonuses)	**4,986**	5,328
Post-employment benefits	**62**	69
	5,048	5,397

7 Finance income

	2019 £000	2018 £000
Bank interest	13	356
Unwinding of discount factor on player transfer receivables	959	542
Fair value movement on forward foreign exchange contracts	1,302	-
	2,274	898

8 Finance costs

	2019 £000	2018 £000
Bank loans and overdrafts	1,263	169
Other	368	2,039
Fair value movement on forward foreign exchange contracts	-	126
Unwinding of discount factor on unpaid MLS expansion fee and player transfer payables	3,440	2,310
	5,071	4,644

9 Investment in joint ventures

On 20 February 2019, the Group entered into a joint venture with Shenzhen Ubitech Technology ('Ubitech') and Jiaxing Jianteng Peisheng Equity Investment (CMC) ('Jiaxing'). A new company, Sichuan Ubtech City Sports Industry Development Company Limited, was created and is jointly controlled by the Group with a 33% shareholding, Ubitech with a 37% shareholding and Jiaxing with a 30% shareholding. The board has nine members, three from the Group, three from Ubitech and three from Jiaxing.

Sichuan Ubtech City Sports Industry Development Company Limited owns 90% of Sichuan Jiuniu FC, a third tier Chinese football club.

Given that the arrangement is structured through a separate vehicle, the contractual agreement is such that both parties liability is limited to their shareholding and the arrangement is not reliant on either party to generate revenue, the arrangement has been accounted for as a joint venture and has been consolidated on an equity-accounting basis.

Summarised statement of financial position of Sichuan Ubtech City Sports Industry Development Company Limited	**2019 £000**
Net Assets (100%)	5,279
Group's share of net assets (33%)	1,742
Group's carrying amount of investment	**1,742**

Summarised statement of loss of Sichuan Ubtech City Sports Industry Development Company Limited	**2019 £000**
Revenue	27
Administration expenses	(1,766)
Loss for the year	(1,739)
Group's share of loss for the year (33%)	**(574)**

The Group also had a joint venture with Goals Soccer Centres plc in Goals City US Limited which is jointly controlled by the Group and Goals Soccer Centres plc with both parties having a 50% ownership interest. The board has six members, three from the Group and three from Goals Soccer Centres plc. The joint venture involved in the operation of outdoor soccer centres in North America.

Given that the arrangement is structured through a separate vehicle, the contractual agreement is such that both parties liability is limited to their shareholding and the arrangement is not reliant on either party to generate revenue, the arrangement has been accounted for as a joint venture and has been consolidated on an equity-accounting basis.

9 Investment in joint ventures *(continued)*

Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position of Goals City US Limited	**2019 £000**	2018 £000
Non-current assets	**13,384**	11,932
Current assets (including cash of £5.3m)	**9,426**	11,654
Net Assets (100%)	**22,810**	23,586
Group's share of net assets (50%)	**11,405**	11,793
Group's carrying amount of investment	**11,405**	11,793

Summarised statement of loss of Goals City US Limited	**2019 £000**	2018 £000
Revenue	**2,774**	1,746
Administration expenses	**(3,551)**	(2,724)
Loss for the year	**(777)**	(978)
Group's share of loss for the year (50%)	**(388)**	(489)

10 Income tax

(a) Analysis of the tax charge in the year:

	2019 £000	2018 £000
Current tax		
UK corporation tax at 19% *(2018: 19%)* on losses for the year	**-**	-
Adjustments in respect of prior years	**(174)**	-
Foreign tax	**975**	1,479
Total current tax charge	**801**	1,479
Impact of change in UK corporation tax rate	**-**	-
Total deferred tax credit	**-**	-
Total tax charge	**801**	1,479

(b) Factors affecting tax charge for the year:

The tax charge for the year varies from the standard rate of corporation tax in the UK of 19% *(2018:19%)*. The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before taxation	**(82,977)**	(43,339)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 19% *(2018: 19%)*	**(15,766)**	(8,234)
Tax effects of:		
Expenses not deductible for tax purposes	**5,275**	647
Fixed asset timing differences	**708**	1
Other permanent differences	**2**	217
Deferred tax not recognised	**5,560**	4,611
Other short term timing differences	**-**	-
Income not taxable for tax purposes	**(15)**	(85)
Adjustments to deferred tax balances	**-**	-
Overseas losses not available for group relief	**5,211**	4,322
Tax rate differences arising on revaluation of the stadium	**-**	-
Adjustments in respect of prior years	**(174)**	-
Total tax charge for the period	**801**	1,479

The Group has corporation tax losses available for carry forward of approximately £583m *(2018: £563m)*.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

10 Income tax *(continued)*

c) Factors that may affect future tax charges:

The Group expects its effective tax rate in future years to be less than the standard rate of corporation tax in the UK due principally to the amount of tax losses available to be set off against future taxable profits.

In addition to the amount of tax charged to the income statement, the following amounts have been recognised directly in other comprehensive income:

	2019 £000	2018 £000
Arising on income and expenditure recognised in other comprehensive income		
Exchange (loss)/gain on translation of overseas subsidiary before tax	**(3,042)**	1,457
Tax effect	**486**	(233)
Other comprehensive income after tax	**(2,556)**	1,224

11 Intangible assets

	Player Registrations £000	Goodwill £000	Software and website development £000	Other £000	Total £000
Cost					
As at 1 June 2018	877,461	12,199	4,735	1,701	896,096
Additions	96,380	-	-	45	96,425
Disposals	(41,856)	-	(1,348)	-	(43,204)
Exchange differences	316	-	(253)	40	103
As at 30 June 2019	**932,301**	**12,199**	**3,134**	**1,786**	**949,420**
Amortisation					
As at 1 June 2018	374,852	-	3,470	309	378,631
Charge in the period	133,197	-	550	23	133,770
Disposals	(37,951)	-	(1,600)	(20)	(39,571)
Exchange Differences	30	-	(7)	11	34
As at 30 June 2019	**470,128**	**-**	**2,413**	**323**	**472,864**
Net book value					
As at 30 June 2019	**462,173**	**12,199**	**721**	**1,463**	**476,556**
As at 30 June 2018	502,609	12,199	1,265	1,392	517,465

The goodwill carrying value is £12.2m with the recoverable amount estimated using the fair value less disposal costs method. Goodwill is allocated against the football clubs in the Group. Valuation has estimated that, within a range of revenue multiples from 1 to 2, these would all show significant headroom. As such, no further consideration to any impairment of goodwill is required. This is a level 3 valuation and there has been no significant change to valuation methodology considerations during the year.

12 Property, plant and equipment

	Land and Buildings (Freehold) £000	Land and Buildings (Short Leasehold) £000	Land and Buildings (Long Leasehold) £000	Assets under course of construction £000	Fixtures, Fittings & Equipment £000	Total £000
Cost						
As at 1 June 2018	210,074	1,594	216,234	7,012	78,711	513,625
Additions	1,262	-	3,746	7,877	10,356	23,241
Disposals	(34)	-	-	-	(834)	(868)
Reclassification	(1,436)	-	(3,387)	(4,146)	8,969	-
Exchange differences	440	-	(44)	37	454	887
As at 30 June 2019	**210,306**	**1,594**	**216,549**	**10,780**	**97,656**	**536,885**
Depreciation						
As at 1 June 2018	12,570	189	18,572	-	40,972	72,303
Charge for the period	4,082	21	3,909	-	9,121	17,133
Disposals	-	-	-	-	(22)	(22)
Reclassification	-	-	(1,964)	-	1,964	-
Exchange differences	(4)	-	(149)	-	269	116
As at 30 June 2019	**16,648**	**210**	**20,368**	**-**	**52,304**	**89,530**
Net book value						
As at 30 June 2019	**193,658**	**1,384**	**196,181**	**10,780**	**45,352**	**447,355**
As at 30 June 2018	197,504	1,405	197,662	7,012	37,739	441,322

Finance Lease on Etihad Stadium

On 5 August 2003, Maine Road was exchanged for a 250 year leasehold interest in the Etihad Stadium. Rental payments are made quarterly. The lease has been treated as a finance lease, with the lease premium and the net present value of future rental obligations capitalised.

A finance lease creditor equal to the future obligations under the lease has been established. In calculating the future obligations an interest rate of 5.07% has been applied.

Property, plant and equipment is recognised at its original cost to the Group with the exception of the Etihad Stadium. Under UK GAAP, the stadium was previously held at depreciated replacement cost and revalued every three years. Management has elected to carry the Etihad Stadium at cost under IFRS, as such; the transitional 'deemed cost' as at 1 June 2014 is the previously revalued Etihad Stadium value from 31 May 2012 plus additions thereafter at cost to 31 May 2014. The revaluation completed at 31 May 2015 was reversed.

Finance Lease on Estadi Montilivi

In the year, Girona FC acquired 50 year leasehold interest in Estadi Montilivi. Rental payments are made annually. The lease has been treated as a finance lease, with the lease premium and the net present value of future rental obligations capitalised. In calculating the future obligations an interest rate of 4.5% has been applied.

13 Other investments

The Group holds a membership interest in Major League Soccer LLC and Soccer United Marketing LLC through its subsidiary, New York City Football Club LLC which is classified in other investments with the 19.9% minority stake in Yokohama F. Marinos Limited ('YfM') The Group has assessed control and influence over YfM under IFRS and has concluded that the Group does not exert significant influence over YfM and it is therefore not accounted for as an associate but held in other investments.

The Group has also invested in SportsTech Fund L.P and SportsTech Parallel Fund L.P during the year which are venture capital funds.

Other investments	**£000**
Cost/valuation	
As at 1 June 2018	66,183
Additions	3,732
Revaluations	82,358
As at 30 June 2019	**152,273**
Change in market value	
As at 1 June 2018	4,357
Charge for the period	1,096
As at 30 June 2019	**5,453**
Net book value	
As at 30 June 2019	**146,820**
As at 30 June 2018	61,826

14 Financial instruments

	2019 **£000**	2018 £000
Financial assets		
Fair value through other comprehensive income		
Other investments	**139,634**	57,276
Fair value through profit and loss		
Derivative financial instruments	**1,302**	-
Other investments	**7,186**	4,550
Other financial instruments at amortised cost		
Trade and other receivables excluding prepayments (note 15)	**159,505**	280,188
Cash and cash equivalents	**65,402**	17,409
Total	**373,029**	359,423
Financial liabilities		
At fair value through profit and loss		
Derivative financial instruments	-	126
Other financial instruments at amortised cost		
Trade and other payables excluding social security and other taxes (note 16)	**264,004**	314,419
Total	**264,004**	314,545

Derivative financial instruments consist of forward foreign exchange contracts executed to mitigate the foreign exchange risk between pounds sterling and Euro.

15 Trade and other receivables

	2019	2018
	£000	£000
Trade receivables	**63,144**	141,475
Receivables arising from player transfers	**57,100**	83,082
Receivables from related party undertakings (note 25)	**6,970**	5,647
Other receivables	**32,291**	49,984
	159,505	280,188
Prepayments	**21,565**	12,853
	181,070	293,041
Less non-current amount		
Receivables arising from player transfers	**5,044**	26,465
Other receivables	**344**	1,016
Non-current trade and other receivables	**5,388**	27,481
Current trade and other receivables	**175,682**	265,560

The fair values of the above trade and other receivables are equal to their carrying values.

Trade and other receivables are non-interest bearing and credit terms vary depending on the type of sale. Credit terms relating to player transfers are determined on a player by player basis. Seasonal facilities are paid in advance of the season or are collected via direct debit on a monthly basis throughout the season. Credit terms in relation to sponsorship agreements are agreed on a contract by contract basis, usually over the life of the contract. Other sales have credit terms ranging between 21 and 30 days.

The ageing analysis of trade and player transfer receivables is as follows:

			Past due but not impaired				
	Total	**Neither past due nor impaired**	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**>120 days**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
30 June 2019	120,244	117,161	543	31	154	-	2,355
30 June 2018	224,557	200,310	6,366	2,529	1,033	1,406	12,913

As at 30 June 2019, trade receivables of an initial value of £2,097,000 *(2018: £8,830,000)* were impaired and fully provided for. See below for the movements in the provision for impairment of receivables.

	Individually impaired	**Collectively impaired**	**Total**
	£000	**£000**	**£000**
As at 1 June 2018	(8,830)	-	(8,830)
Charge for the period	-	-	-
Utilised	5,600	-	5,600
Unused amounts reversed	1,133	-	1,133
As at 30 June 2019	**(2,097)**	-	**(2,097)**

Disclosures and further information on the Group's assessment of credit risk is outlined in note 24.

16 Trade and other payables

	2019 £000	2018 £000
Other loans	**7,487**	918
Obligations under finance leases (note 17)	**69,184**	65,957
Trade payables	**15,975**	13,513
Payables arising from player transfers	**93,508**	144,943
Payables to related party undertakings	**1,494**	408
Accruals	**102,160**	88,680
	289,808	314,419
Other taxation and social security	**60,749**	55,455
	350,557	369,874
Less non-current amount		
Obligations under finance leases (note 17)	**68,761**	65,573
Payables arising from player transfers	**13,732**	38,328
Accruals	**7,727**	14,793
Non-current trade and other payables	**90,220**	118,694
Current trade and other payables	**260,337**	251,180

17 Borrowings

Maturity of obligations under finance leases:	2019 £000	2018 £000
Within one year	**423**	384
Between one and two years	**445**	403
Between two and five years	**1,473**	1,336
After more than five years	**66,843**	63,834
	69,184	65,957

Finance Leases

Obligations under finance leases include future obligations under the lease of the Etihad Stadium. Details are provided within note 12.

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

	2019 £000	2018 £000
Within one year	**3,725**	3,550
In the second to fifth year	**14,900**	14,200
Over five years	**150,872**	146,725
Less future finance charges	**(100,313)**	(98,518)
	69,184	65,957

18 Deferred income

	2019 £000	2018 £000
Deferred income	**172,185**	161,113
Current deferred income	**172,185**	161,113

Notes to the Consolidated Financial Statements *(continued)*

19 Deferred tax

The following are the deferred tax assets and liabilities recognised alongside details of the movements on each are listed below.

	Property revaluation £000	Total £000
At 1 June 2018	7,596	7,596
Credited to the income statement	-	-
Credited to the statement of comprehensive income	17,295	
As at 30 June 2019	**24,891**	**7,596**

The Group has recognised an additional deferred tax liability in the period, through other comprehensive income, of £17.3m as the deferred tax on unrealised gain on revaluation of MLS investment.

Deferred tax assets and liabilities are only offset where a legally enforceable right exists to do so. The table below analyses the deferred tax balances:

	2019 £000	2018 £000
Deferred tax liabilities	**24,891**	7,596

The Group has not recognised a deferred tax asset of £125.8m *(2018: £120.9m)* in relation to accumulated losses, accelerated capital allowances and short term timing differences due to the uncertainty as to whether it can be utilised in the foreseeable future. The losses do not have an expiry date.

20 Share capital

The authorised and issued share capital at the beginning and end of the period is as follows:

	2019 £000	2018 £000
Issued, fully paid and called up		
534,578,702 (*2018: 534,578,702*) Ordinary shares of £1 each – fully paid	**534,579**	534,579
	534,579	534,579

21 Pensions

Defined benefit scheme

Manchester City Football Club ('the Club') participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Club is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 31 August 2018 where the total deficit on the ongoing valuation basis was £31.4m.

The accrual of benefits ceased within the Scheme on 31 August 1999. The Club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

The Club currently pays total contributions of £69,834 per annum which increases at 5.0% per annum and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 31 October 2023.

As at 30 June 2019, the present value of the Club's outstanding contributions (i.e. their future liability) is £269,154. This amounts to £68,802 (2018: £65,529) due within one year and £200,352 (2018: £267,195) due after more than one year.

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the technical provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2018), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

Upon the wind-up of the Scheme with a surplus, any surplus will be used to augment benefits. Under the more likely scenario of there being a deficit, this will be split amongst the clubs in line with their contribution schedule. Should an individual club leave the Scheme, they may be required to pay their share of the deficit based on a proxy buyout basis (i.e. valuing the benefits on a basis consistent with buying out the benefits with an insurance company). The Club is a member of the Scheme, a pension scheme providing benefits based on final pensionable pay. As this subsidiary is one of a number of participants in the scheme, it is unable to identify its share of assets and liabilities and therefore accounts for the contributions payable as if they were made to a defined contribution scheme. The Club is advised by the scheme administrators of the additional contributions required to fund the deficit. The administrators have confirmed that the assets and liabilities cannot be split between the participating entities.

Defined contribution scheme

Group contributions to the defined contribution pension scheme are charged to the income statement in the period in which they become payable. The total contributions in the period amounted to £1,537,000 *(2018: £1,333,000)*. As at 30 June 2019, contributions of £512,000 *(2018: £399,000)* due to the pension scheme were unpaid and recorded in current liabilities.

22 Commitments

Operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are set out below:

Expiring:	2019 £000	2018 £000
Within one year	12,925	12,489
Within two and five years	3,150	1,777
After five years	337	-
	16,412	14,266

Capital commitments

The capital commitments contracted but not provided for are as follows:

	2019 £000	2018 £000
Contracted but not provided for	1,572	4,499

The capital commitments represent contracted amounts in relation to the construction of the development of the Etihad Stadium and the upgrade of IT system infrastructure.

Transfer fees payable

Additional transfer fees, signing on fees and loyalty bonuses of £200,146,619 *(2018: £158,916,000)* that will become payable upon the achievement of certain conditions contained within player and transfer contracts if they are still in the service of the Club on specific future dates are accounted for in the year in which management assess, on a player by player basis, when the specific performance terms are met, resulting in the payment of contingent consideration.

Other commitments

City Football Group Limited has an agreed medium-term financing agreement with HSBC plc. From 4th July 2019, Manchester City Football Club Limited, a subsidiary of City Football Group Limited has assigned fixed charges in favour of HSBC plc in relation to its Premier League media revenues and stadium matchday revenues. Additionally, Manchester City Football Club Limited assigned the following two consecutive payments from PUMA SE or PUMA International, in respect of the guaranteed retainer on a rolling basis. HSBC plc hold a floating charge over all other Manchester City Football Club Limited assets. These charges shall remain in place until maturity of the HSBC plc facility in July 2022. The outstanding balance with HSBC has been fully repaid since year end.

The Group has committed to invest £10,705,793 into venture capital funds.

As at June 2019, under the signed agreement, the Group had a financial commitment of £5.2m to Sichuan Ubtech City Sports Industry Development Company Limited. This commitment was settled in February 2020.

23 Reconciliation of net cash flow to movement in net cash

	Cash £000	Finance lease £000	Total £000
At 1 July 2018	17,409	(65,957)	**(48,548)**
Cash flows	45,808	383	**46,191**
Additions to finance lease liability	-	(3,610)	**(3,610)**
Non-cash flows	2,185	-	**2,185**
At 30 June 2019	**65,402**	**(69,184)**	**(3,782)**

	Cash £000	Finance lease £000	Total £000
At 1 June 2017	221,820	(66,322)	**155,498**
Cash flows	(205,956)	365	**(205,591)**
Non-cash flows	1,545	-	**1,545**
At 30 June 2018	**17,409**	**(65,957)**	**(48,548)**

24 Financial risk management

The Group's principal financial instruments, other than derivatives, comprise borrowings, cash and liquid resources, and various items such as trade and other receivables and trade and other payables that arise directly from its operations. The main purpose of the financial instruments is to finance the Group's operations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: currency risk and interest rate risk. Financial instruments affected by market risk include borrowings, payables and receivables arising from player trading and derivative financial instruments.

The market risks and sensitivity analyses are described below.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Income received in Euros as a result of participating in the Champions League is a significant portion of broadcasting revenue.

The Group owns football clubs in USA, Australia and Spain and is therefore exposed to foreign currency risks on the income generated and costs incurred by those subsidiaries, mainly denominated in US Dollars, Australian Dollars and Euros.

Transfer fees payable to and receivable from overseas football clubs also expose the Group to foreign currency risk. As player transfers are generally not planned in advance and are not certain until the contract is signed, the Group may not be able to predict foreign currency cash flows until the contract is signed.

The Group's policy on managing the foreign currency risk to which it is exposed is as follows:

An assessment is made at the beginning of each financial year, once the transfer window is closed and when European competition qualification for Manchester City Football Club is known. The net exposure of player payables and receivables is assessed against the future minimum expected cash inflow from European competitions. The net Euro exposure is hedged accordingly and continually re-assessed as the Club progresses through each stage of the competition.

Other transactional exposures are assessed by forecasting transactions on an annual basis using an annual cash flow forecasting model. Management hedges the net exposure of future cash flows for at least the next 12 months, where deemed to be reasonably certain.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the Euro and US dollar exchange rates, with all other variables held constant, of the Group's profit before tax and the Group's equity. The Group's exposure to foreign currency changes for all other currencies is not material.

24 Financial risk management *(continued)*

Euro

	Change in GBP:EUR rate	Effect on loss before tax	Effect on equity
		£000	£000
Year ended 30 June 2019	EUR strengthen 10%	6,606	-
	EUR weaken 10%	(5,453)	-
Year ended 30 June 2018	EUR strengthen 10%	4,608	-
	EUR weaken 10%	(4,189)	-

The effect on profits before tax is as a result of Euro denominated transfer fees payable and receivable.

US dollar

	Change in GBP:USD rate	Effect on loss before tax	Effect on equity
		£000	£000
Year ended 30 June 2019	USD strengthen 10%	(591)	347
	USD weaken 10%	548	(269)
Year ended 30 June 2018	USD strengthen 10%	(234)	(632)
	USD weaken 10%	213	575

The effect on profits before tax is as a result of USD denominated trade payables and receivables.

The movement on equity arises from translation of net assets from overseas subsidiaries.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has no significant interest bearing financial assets other than cash on deposit which generates an insignificant amount of interest.

The Group's interest rate risk is minimal due to only holding one fixed rate financial liability, being the Etihad Stadium finance lease liability with a fair value and carrying value of £65,574,000 *(2018: £65,957,000)*. The Group is not exposed to floating rate interest risk as it holds no floating rate financial liabilities.

Previously, the Group hedged a floating rate financial liability with an interest rate swap. The financial liability is now repaid; however, the repayment terms included the continuation of the interest rate swap executed to hedge the financial liability. The Group entered into an equal and opposite swap to offset the fair value changes of the initial swap, with legal right of offset. As such, the fair value of each swap equates to a fair value of zero and the fair values are not disclosed on the statement of financial position.

Interest rate sensitivity

As the Group is only exposed to minimal interest rate risk on interest bearing financial assets, a reasonable change in interest rate of +1%/-1% is deemed to have an immaterial impact on profits before tax and equity; as such, the sensitivity has not been disclosed.

Credit risk

Credit risk is the risk that a counter party will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Group does not expect material losses from the non-performance of the contractual obligations of its counterparties, over and above those already provided for.

The concentration of credit risk with the Group is low with the majority of credit risk at the reporting date relating to player trading which is mitigated by the governing bodies of national and international football associations.

24 Financial risk management *(continued)*

Credit risk *(continued)*

A substantial proportion of the Group's broadcasting revenue is from contracts negotiated by the Premier League and UEFA with media distributers. The Group also derives commercial revenue from certain corporate partners and may manage the credit risk posed by these sponsors by seeking advance payments where necessary. Furthermore, the Group is exposed to other football clubs for the payment of transfer fees on players and other contractual payments. Again, the Group managed the credit risk posed by other football clubs by requiring payment in advance and it is common for payments to be made in a number of instalments.

The Group applies the IFRS approach to credit losses and applies several key criteria when calculating the credit risk. These criteria include the geographical location of the customer, category of customer, and the ageing of the individual debtor. Management considers that, based on the above criteria, the credit quality of trade receivables

Liquidity risk

The Group monitors its risk to a shortage of funds using cash flow forecasting and budgeting that is reviewed on a regular basis by the Board of Directors. Management information tools are used to constantly monitor and manage the liquidity needs of the business. Annual cash receipts are generally cyclical in nature based on season card holders and competition monies receivable.

The Group does not have any other formal borrowing facilities and does not foresee a requirement for such facilities in the near future. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	Over 5 years £000	Total £000
Trade and other payables excluding social security and other taxes	125,902	37,523	54,279	2,920	220,624
Finance lease obligations	-	423	1,918	66,843	69,184
Financial derivatives cash inflow	(1,302)	-	-	-	(1,302)
As at 30 June 2019	**124,600**	**37,946**	**56,197**	**69,763**	**288,506**

	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	Over 5 years £000	Total £000
Trade and other payables excluding social security and other taxes	182,387	7,557	58,151	367	248,462
Finance lease obligations	-	384	1,739	63,834	65,957
Financial derivatives cash outflow	126	-	-	-	126
As at 30 June 2018	182,513	7,941	59,890	64,201	314,545

Capital risk management

The Group manages capital to ensure the Group and its subsidiaries are able to continue as going concerns. Capital includes everything described as 'Equity attributable to owners of the parent' in the statement of financial position plus net debt/cash. Net debt/cash is calculated as total borrowings (being the total finance lease obligation and overdrafts) less cash and cash equivalents.

Fair value hierarchy

The details of the Group's financial instruments carried at fair value in the statement of financial position are disclosed in the table below.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

24 Financial risk management *(continued)*

	2019 £000	2018 £000
Financial assets		
Fair value through other comprehensive income	**139,634**	57,276
Fair value through profit and loss	**7,186**	4,550
Derivative financial instruments at fair value through profit and loss	**1,302**	-
	148,122	61,826
Financial liabilities		
Derivative financial instruments at fair value through profit and loss	-	(126)
	-	(126)

The fair value of financial instruments that are not trading in active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available whilst relying on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is categorised as Level 2.

All of the financial instruments listed above are categorised as Level 2. The fair value of derivative financial instruments is determined based on the forward exchange rates at the reporting date.

25 Related party transactions

The Group's parent undertaking was City Football Group Limited, a company incorporated in England and Wales. The Group is 86% owned by its ultimate parent undertaking Abu Dhabi United Group Investment and Development Ltd, a company registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan. The remaining 14% is owned by China Media Capital Holdings.

Transactions with the parent company, non-wholly owned subsidiaries and other related parties are disclosed in note 13 of the Company financial statements.

26 Events after the reporting date

Since the year end the Club has entered into agreements to acquire the football registrations of Rodrigo Hernandez Cascante (from Atlético Madrid FC), João Cavaco Cancelo (from Juventus FC), Jose Angel Esmoris Tasende (from PSV), Zackary Steffen (from MLS), Morgan Rogers (from West Bromwich Albion), Pedro Porro (from Girona FC) and Felix Sanches Correia (from Sporting Clube De Portugal). The football registrations of Danilo Luiz Da Silva (to Juventus FC), Fabian Delph (to Everton FC), Manuel Garcia Alonso (to Sporting de Gijón FC), Pablo Mari Villar (to Clube De Regatas Do Flamengo) and Douglas Luiz Soares De Paulo (to Aston Villa FC) have been sold. The net expenditure on these transactions was approximately £109m.

In January 2020, the Club has entered into agreements to acquire the football registrations of Slobodan Tedic (from FK Cukaricki), Yan Couto (from Coritiba FC) and Liam Smith (from Kilmarnock). The football registrations of Ian Poveda (to Leeds United) and Carlos Antuna (to Chivas) have been disposed.

On 27 November 2019, United States-based Silver Lake signed a definitive agreement to make a $500 million equity investment in the Group, equivalent to just over 10% of the company's post-investment value. The deal valued the Group at $4.8 billion and will be used by the Group to fund international business growth opportunities and develop the Group's technology and infrastructure assets.

On 27 January 2020, City Football Holdings UK Limited ("CFUK") acquired the remaining 50% of Goals City US Limited from Goals Soccer Centres plc for a total consideration of £4m. At the time of acquisition, Deloitte LLP had been appointed as administrator. CFUK are actively engaged with a number of potential operating partners and aim to continue the growth of the business in line with the original investment plan.

On 15 May 2019, Manchester City Football Club was referred to UEFA's CFCB AC. On 14 February 2020, the CFCB AC announced disciplinary measures on Manchester City Football Club directing that it shall be excluded from participation in UEFA club competitions in 2020/21 and 2021/22 seasons and pay a fine of €30m. This decision is subject to an appeal to the CAS. The Directors are entirely confident of a positive outcome however, a provision has been included to cover the potential fine.

The Directors' acknowledge the uncertainty of the impact of Covid-19 on professional football but the business is in a strong financial position, supported by significant cash balances, to mitigate its impact on the business.

City Football Group Limited

Company Balance Sheet

Registered number: 08355862

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	5	-	16
Tangible assets	6	**7,707**	6,320
Investments	7	**833,736**	773,299
		841,443	779,635
Current assets			
Debtors - amounts falling due within one year	8	**57,221**	41,821
Cash at bank and in hand		**(43,717)**	(1,144)
		13,504	40,677
Creditors – due within one year	9	**(68,413)**	(14,244)
Deferred income – due within one year	10	**(2,515)**	(1,921)
Net current (liabilities)/assets		**(57,424)**	24,512
Net assets		**784,019**	804,147
Capital and reserves			
Called up share capital	11	**534,579**	534,579
Share premium account		**479,104**	479,104
Profit and loss account		**(229,664)**	(209,536)
Shareholders' funds		**784,019**	804,147

The loss dealt with in the financial statements of the parent Company is £20.1m *(2018: £44.4m).*

The notes on pages 46 to 50 form part of these financial statements.

These financial statements were approved by the Board of Directors on 31st March 2020 and were signed on its behalf by:

JMacBeath

J MacBeath
Director

City Football Group Limited

Company Statement of Changes in Equity

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total £000
As at 1 June 2017	534,579	479,104	(165,137)	848,546
Loss for the year	-	-	(44,399)	(44,399)
As at 30 June 2018	534,579	479,104	(209,536)	804,147
Profit for the year	-	-	(20,128)	(20,128)
As at 30 June 2019	**534,579**	**479,104**	**(229,664)**	**784,019**

The total comprehensive loss for the period is £20,128,000 *(2018: £44,399,000)*.

The notes on pages 46 to 50 form part of these financial statements.

City Football Group Limited

Notes to the Company Financial Statements

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

The parent company financial statements of City Football Group Limited (the 'Company') for the year ended 30 June 2019 were authorised for issue by the Board of Directors and the statement of financial position was signed on the Board's behalf by J MacBeath on 31 March 2020. City Football Group Limited is a private company limited by share capital incorporated and domiciled in England and Wales under the Companies Act 2006. The registered office is Regent's Place 14th Floor, 10 Brock Street, London, NW1 3FG.

These financial statements were prepared in accordance with FRS 101 under the historical cost convention.

No profit or loss account has been presented by the Company as permitted by Section 408 of the Companies Act 2006. All income and expenditure is recognised in the profit and loss account meaning that no statement of other comprehensive income has been presented.

The results of the Company are included in the consolidated financial statements of City Football Group Limited which are presented above.

2 Significant accounting policies

The accounting policies applied in the preparation of the financial statements are the same as those set out in note 2 of the Group financial statements with the addition of the following:

Investments

Subsidiary undertakings are held as fixed assets are stated at cost less any provision for impairment. Provisions in the Company are made to ensure the net assets of the Company do not exceed that of the Group and where investments are deemed to be impaired.

Other investments are held at fair value through the profit and loss account.

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand except when otherwise stated.

Basis of preparation

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

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

The requirements of paragraph 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 (R) Business combinations.

The requirement of IFRS 7 Financial instruments: disclosures.

The requirements of paragraphs 91 to 99 of IFRS 13 Fair value measurement.

The requirements of IAS 7 Statement of cash flows.

The requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors.

The requirements of paragraph 17 and 18A of IAS 24 Related party disclosures.

The requirement in paragraph 38 of IAS 1 Presentation of financial statements to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, plant and equipment; (iii) paragraph 118(e) of IAS 38 Intangible assets; (iv) paragraphs 76 and 79(d) of IAS 40 Investment property; and (v) paragraph 50 of IAS 41 Agriculture.

The requirements in IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The requirements of paragraphs 130(fii), 130(fiii), 134(d)-(f) and 135(c)-(e) of IAS 36 Impairment of assets.

City Football Group Limited

Notes to the Company Financial Statements *(continued)*

3 Significant accounting judgments, estimates and assumptions

The significant accounting judgments, estimates and assumptions applied in the preparation of the financial statements are as follows:

- Goodwill and other intangible assets
- Financial instruments

These are set out and summarised in note 3 of the Group financial statements.

4 Profit attributable to the members of the parent company

The loss dealt with in the financial statements of the parent Company is £20.1m *(2018: £44.4m)*.

5 Intangible fixed assets

	Software & website development £000	Total £000
Cost		
As at 1 June 2018	318	318
Additions	-	-
Disposals	-	-
As at 30 June 2019	**318**	**318**
Amortisation		
As at 1 June 2018	302	302
Charge for the year	16	16
Disposals	-	-
As at 30 June 2019	**318**	**318**
Net book value		
As at 30 June 2019	-	-
As at 30 June 2018	16	16

6 Tangible fixed assets

	Assets under the course of construction £000	Fixtures, fittings & equipment £000	Total £000
Cost			
As at 1 June 2018	5,089	2,779	7,868
Additions	938	1,172	2,110
Disposals	-	-	-
Reclassification	(636)	636	-
As at 30 June 2019	**5,391**	**4,587**	**9,978**
Depreciation			
As at 1 June 2018	-	1,548	1,548
Charge for the year	-	723	723
Disposals	-	-	-
As at 30 June 2019	-	**2,271**	**2,271**
Net book value			
As at 30 June 2019	**5,391**	**2,316**	**7,707**
As at 30 June 2018	5,089	1,231	6,320

7 Fixed asset investments

Cost	Subsidiary undertakings £000	Other investments £000	Total £000
As at 1 June 2018	938,485	7,283	945,768
Additions	60,548	1,096	61,644
As at 30 June 2019	**999,033**	**8,379**	**1,007,412**
Provisions for impairment			
As at 1 June 2018	168,112	4,357	172,469
Reversal of impairment	(82,587)	-	(82,587)
Charge for the year	82,698	1,096	83,794
As at 30 June 2019	**168,223**	**5,453**	**173,676**
Net book value			
As at 30 June 2019	**830,810**	**2,926**	**833,736**
As at 30 June 2018	770,373	2,926	773,299

Subsidiary undertakings	Principle activities	Country of incorporation and operation	Proportion of voting rights and share capital held	Registered address
Manchester City Limited	Intermediate holding company	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
City Football Marketing Limited	Commercial and marketing services	England	100%	Regent's Place, 14th Floor 10 Brock Street, London, NW1 3FG
City Football Services Limited	Sporting services	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
Manchester City Women's Football Club Limited	Professional football club	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
Manchester City Football Club Limited*	Professional football club	England	100%	Etihad Stadium, Etihad Campus, Manchester, M11 3FF
Manchester City Investments Limited *	Issuer of loan notes	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
City Football Image Rights Limited	Management of image rights	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
City Football U.K. Holdings Limited	Intermediate holding company	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
City Football Group USA LLC	Intermediate holding company	United States	100%	600 Third Avenue, 30th Floor New York, NY 10016
CFG Stadium Group, LCC*	Stadium operations	United States	100%	600 Third Avenue, 30th Floor New York, NY 10016
City Football Group US Holdco, LCC*	Intermediate holding company	United States	80%	600 Third Avenue, 30th Floor New York, NY 10016
New York City Football Club LCC*	Professional football club	United States	80%	600 Third Avenue, 30th Floor New York, NY 10016
MHFC Holdings Pty Limited	Intermediate holding company	Australia	100%	2 Crissane Road, Bundoora, VIC3083
Melbourne City Football Club Pty Limited*	Professional football club	Australia	100%	2 Crissane Road, Bundoora, VIC3083
City Football Middle East FZ LLC	Commercial, marketing and sporting services	UAE	100%	TwoFour54 Rotana Complex, Khalifa Park, Office 507-C, PO Box 769321, Abu Dhabi
City Football Japan KK	Commercial, marketing and sporting services	Japan	100%	Hibiya Central Building, 14th Floor, 1-2-9 Nishi Shinbashi, Minato-Ku, Tokyo, 105-0003
City Football Singapore Pte Limited	Commercial, marketing and sporting services	Singapore	100%	1 Georg Street, #15-01, Singapore 049 145
Terenti SAD (Montevideo City Torque)	Intermediate holding company	Uruguay	100%	11100 Montevideo, Uruguay, Colonia 810, suite 4013
Girona Futbol Club SAD	Professional football club	Spain	47.01%	Avinguda de Montilivi, 141, 17003 Girona, Spain

* denotes indirect investments.

8 Debtors

	2019 £000	2018 £000
Trade debtors	**11,568**	2,220
Amounts owed by group undertakings (note 13)	**29,743**	31,867
Amounts owed by related party undertakings (note 13)	**6,271**	5,344
Other taxation and social security	**466**	-
Prepayments and other receivables	**9,173**	2,390
	57,221	41,821

All of the above debtors are due within one year.

9 Creditors

	2019 £000	2018 £000
Trade creditors	**2,869**	1,182
Amounts owed to group undertakings (note 13)	**53,637**	3,708
Amounts owed to related party undertakings (note 13)	**1,494**	408
Other taxation and social security	**-**	274
Accruals	**10,413**	8,672
	68,413	14,244

All of the above creditors are due within one year.

10 Deferred income

	2019 £000	2018 £000
Deferred credit for capital grants	**2,515**	1,921

11 Called up share capital

	2019 £000	2018 £000
Issued, fully paid and called up		
534,578,708 *(2018: 534,578,708)* Ordinary shares of £1 each - fully paid	**534,579**	534,579
	534,579	534,579

12 Deferred tax

The Company has not recognised a deferred tax asset of £7.3m *(2018: £7.4m)* in relation to accumulated losses, accelerated capital allowances and short term timing differences due to the uncertainty as to whether it can be utilised in the foreseeable future. The losses do not have an expiry date.

13 Related party transactions

City Football Group Limited, the parent of City Football Group Limited, is a company incorporated in England and Wales. The Company is 86% owned by its ultimate parent undertaking Abu Dhabi United Group Investment and Development Ltd, a company registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan. The remaining 14% is owned by China Media Capital Holdings.

The following transactions were carried out with related parties:

Transactions with parent undertakings

A balance receivable from Abu Dhabi United Group Investment and Development Ltd of £2,240,000 *(2018: £1,313,000)* was included in debtors within one year.

Transactions with non-wholly owned subsidiaries of City Football Group Limited

Transactions during the year ended 30 June 2019 with New York City Football Club LLC consisted of the provision of services of £3,265,000 *(2018: £587,000)*, the purchase of services of £297,000 *(2018: £249,000)* and the provision of cash loans. A balance of £4,674,000 is included in debtors due within one year *(2018: £713,000)*.

Transactions with Brookshaw Developments Limited

The Company provided cash loans to Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment and Development Ltd, and a balance of £4,031,000 *(2018: £4,031,000)* is included in debtors due within one year.

Transactions with Manchester Life Development Company Limited

Transactions during the year ended 30 June 2019 with Manchester Life Development Company consisted of the provision of services of £52,075 (2018: £43,472). A balance of £26,037 is included in debtors due within one year.

Purchases of goods or services from other related parties

J MacBeath was a director of the Group throughout the year. Fees for services of £4,816 *(2018: £5,000)* were incurred during the period, in the ordinary course of business, to John MacBeath and Company Limited, a firm in which J MacBeath is a shareholder.

Key management compensation

Details of key management compensation are listed in the notes to the Group financial statements in note 6. The Group's key management personnel are employed by the parent Company and so no further disclosure has been provided.

14 Auditor remuneration

The Company paid £31,000 *(2018: £31,000)* to its auditors in respect of the audit of the financial statements of the Company.

Fees paid to the audit firm and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of the Company because Group financial statements are prepared which disclose such fees on a consolidated basis.

15 Reserves

Equity share capital

The balance classified as called up share capital includes total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares.

Profit and loss account

The balance classified as profit and loss account includes all retained earnings and losses accumulated since the incorporation date of the Company.