City Football Group Limited

Directors' Report and Financial Statements

For the 13 month period ended 30 June 2017

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

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:

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 Development 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 Aluminum. 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, Janofsky & Walker LLP, a New York City law firm. Mr Edelman currently serves as Chairman of Manchester Life Development Company and as Director of Equity Commonwealth, Advanced Micro Devices, 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 Motorsport 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 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 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 & 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 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.

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 13 month period ended 30 June 2017. The longer accounting period is due to the Directors' decision to change the year end to create consistency with the overseas subsidiaries within the Group therefore the results are not entirely comparable.

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 and Club Atlético Torque SAD as well as holding a smaller stake in Yokohama F. Marinos. The Group has an overseas investor in the form of Chinese Media Capital ('CMC') which owns a minority stake in the Group. The investment by CMC demonstrates the value created by City Football Group and its global subsidiaries. The minority shareholder assists the Group and subsidiaries with growing its presence in China.

The Group has reported a bottom line loss of £71.1m for the period *(2016: £37.1m)* 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.

Manchester City Football Club generated revenue of £473.4m, a 21% overall increase on the previous season - with growth in both broadcasting and commercial revenue. Matchday revenue was broadly in line with the previous season at £51.9m, broadcasting revenue was up 26.1% to £203.5m and commercial revenue grew 23% to £218m.

Matchday revenue remained consistent as the Etihad Stadium was host to a total of 26 home games, with average attendance at the 19 Premier League home games at 54,019. Broadcasting revenue increased significantly, mainly as a result of the new Premier League deal which began in the 2016/17 season. The increase in commercial revenue was due to an increase in sponsorship deals during the period.

New York City Football Club generated revenues of £30.1m during the period, a 27.5% overall increase on the previous season. In its second season, the Club has continued to grow matchday and commercial revenues whilst earning qualification to the MLS Playoffs for the first time. Melbourne City Football Club contributed revenues of £8.4m in 2016/17.

On 5 April 2017, City Football Group Limited acquired a Uruguayan Football Club, Club Atlético Torque SAD, which was founded in 2007.

Employee benefit expenses were £327.5m, incurred predominately by Manchester City Football Club with the Club's wage turnover ratio held at 56% *(2016: 50%)*, this was despite paying 2 Champions League qualification bonuses.

The Group's financial position remains strong. The Group has net assets of more than £848m and continues to operate with zero financial debt.

The Group measures performance against the following key indicators:

Key performance indicator	**Result**
First team performance – MCFC – Premier League finishing position	3rd place
First team performance – MCFC – UEFA Champions League	Round of 16
First team performance – MCWFC – FA Women's Super League 1 (2016 season)	1st place
First team performance – NYCFC – MLS Eastern Conference finishing position (2016 season)	2nd place
First team performance – Melbourne City FC – A-League finishing position	4th place
First team performance – Melbourne City Women's FC – W-League	4th place
Wage turnover ratio – MCFC	56%
Average home league attendance – MCFC	54,019
Average home league attendance – MCWFC (2016 season)	2,246
Average home league attendance – NYCFC (2016 season)	23,532
Average home league attendance – Melbourne City FC	10,123
Profit on disposal of players' registrations	£35m

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 and Melbourne related to global partnerships. The Group is regulated by the rules of the FA, Premier League, FFA, MLS, 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.

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 growth 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 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 a new shareholder, 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 partnership relationships in the region.

By order of the Board

J MacBeath

J MacBeath
Director
12 October 2017

City Football Group Limited

Directors' Report

Directors

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

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

Result for the period

The loss for the financial period was £71,070,000 (*2016: £*37,059,000). The Directors do not propose a dividend (*2016: £nil*).

Political and charitable contributions

The Group made no political contributions. Donations to UK charities amounted to £4,999,237 (*2016: £*3,065,068). This amount includes £3.7m supporting Premier League youth and community development.

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 of the consolidated financial statements.

Events after the reporting date

Events after the reporting date are discussed in note 26 of 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.

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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
12 October 2017

City Football Group Limited

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

We have audited the Group financial statements of City Football Group Limited for the 13 month period ended 30 June 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union.

This report is made solely to the Group'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 Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the FRC's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2017 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion 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 period 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- 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.

City Football Group Limited

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

Other matter

We have reported separately on the Parent Company financial statements of City Football Group Limited for the 13 month period ended 30 June 2017.

BDO LLP

Stuart Wood (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
12 *October 2017*

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

City Football Group Limited

Consolidated Income Statement

	Note	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Continuing operations			
Revenue	4	**514,255**	423,195
Other operating income	5	**6,972**	4,897
Operating expenses	5	**(626,317)**	(482,552)
Operating loss before profit on disposal of player registrations		**(105,090)**	(54,460)
Profit on disposal of players' registrations		**34,994**	20,757
Operating loss		**(70,096)**	(33,703)
Finance income	7	**4,908**	2,301
Finance costs	8	**(2,156)**	(1,792)
Stadium finance lease costs		**(4,695)**	(4,567)
Loss before tax from continuing operations		**(72,039)**	(37,761)
Income tax	9	**969**	702
Loss from continuing operations		**(71,070)**	(37,059)
Attributable to:			
Owners of the parent		**(63,931)**	(32,124)
Non-controlling interests		**(7,139)**	(4,935)
		(71,070)	(37,059)

The notes on pages 15 to 40 form part of these financial statements.

City Football Group Limited

Consolidated Statement of Comprehensive Income

	13 month *period ended* 30 June 2017 £000	Year ended 31 May 2016 £000
Loss for the period	**(71,070)**	(37,059)
Other comprehensive income:		
Foreign currency translation differences, net of tax	**(3,652)**	(1,324)
Total comprehensive loss for the period, net of tax	**(74,722)**	(38,383)
Attributable to:		
Owners of the parent	**(67,583)**	(33,448)
Non-controlling interests	**(7,139)**	(4,935)
Total comprehensive loss for the period, net of tax	**(74,722)**	(38,383)

The notes on pages 15 to 40 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	30 June 2017 £000	31 May 2016 £000
Non-current assets			
Intangible assets	10	**343,682**	276,867
Property, plant and equipment	11	**431,157**	410,219
Investments	12	**60,202**	60,202
Trade and other receivables	14	**23,435**	13,810
		858,476	761,098
Current assets			
Trade and other receivables	14	**220,609**	171,763
Cash and cash equivalents		**221,820**	242,963
		442,429	414,726
Total assets		**1,300,905**	1,175,824
Current liabilities			
Trade and other payables	15	**(192,812)**	(148,486)
Derivative financial instruments	13	**-**	(353)
Deferred income	17	**(142,686)**	(44,693)
		(335,498)	(193,532)
Net current assets		**106,931**	221,194
Total assets less current liabilities		**965,407**	982,292
Non-current liabilities			
Trade and other payables	15	**(109,265)**	(123,887)
Deferred tax liabilities	18	**(7,596)**	(8,043)
		(116,861)	(131,930)
Total liabilities		**(452,359)**	(325,462)
Net assets		**848,546**	850,362
Equity			
Share capital	19	**534,579**	516,145
Share premium		**479,104**	424,632
Merger reserve		**694,522**	694,522
Foreign currency translation reserve		**(7,525)**	(3,873)
Retained earnings		**(845,012)**	(781,081)
Equity attributable to owners of the parent		**855,668**	850,345
Non-controlling interests		**(7,122)**	17
Total equity		**848,546**	850,362

The notes on pages 15 to 40 form part of these financial statements.

These financial statements were approved by the Board of Directors on 12 October 2017 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	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
As at 1 June 2015	441,444	284,969	694,522	(2,549)	(747,336)	671,050	4,258	675,308
Comprehensive income								
Loss for the year	-	-	-	-	(32,124)	(32,124)	(4,935)	(37,059)
Other comprehensive income								
Currency translation differences	-	-	-	(1,324)	-	(1,324)	-	(1,324)
Total comprehensive income	-	-	-	(1,324)	(32,124)	(33,448)	(4,935)	(38,383)
Issue of share capital	74,701	139,663	-	-	-	214,364	-	214,364
Acquisition of minority interest	-	-	-	-	(1,621)	(1,621)	694	(927)
As at 31 May 2016	**516,145**	**424,632**	**694,522**	**(3,873)**	**(781,081)**	**850,345**	**17**	**850,362**
Comprehensive income								
Loss for the period	-	-	-	-	(63,931)	(63,931)	(7,139)	(71,070)
Other comprehensive income								
Currency translation differences	-	-	-	(3,652)	-	(3,652)	-	(3,652)
Total comprehensive income	-	-	-	(3,652)	(63,931)	(67,583)	(7,139)	(74,722)
Issue of share capital	18,434	54,472	-	-	-	72,906	-	72,906
Acquisition of minority interest	-	-	-	-	-	-	-	-
As at 30 June 2017	**534,579**	**479,104**	**694,522**	**(7,525)**	**(845,012)**	**855,668**	**(7,122)**	**848,546**

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 notes on pages 15 to 40 form part of these financial statements.

City Football Group Limited

Consolidated Statement of Cash Flows

	Note	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Cash flows from operating activities			
Loss before tax from continuing operations		**(72,039)**	(37,761)
Non cash adjustments to reconcile loss before tax to net cash flows			
Finance income		**(4,908)**	(2,301)
Finance costs		**2,156**	1,792
Stadium finance lease costs		**4,695**	4,567
Profit on disposal of players		**(34,994)**	(20,757)
Amortisation of players' registrations	5	**121,779**	93,973
Amortisation of other intangible assets	5	**872**	272
Investment impairment		**1,293**	1,013
Depreciation	5	**16,479**	15,011
Loss/(Profit) on disposal of property, plant and equipment	5	**82**	(189)
Fair value (gain)/loss on derivative financial instruments		**(353)**	843
Increase in trade and other receivables		**(58,976)**	(48,021)
Increase in trade and other payables and other deferred income		**115,775**	18,448
Release and amortisation of grants		**-**	(1,073)
Net cash flow from operating activities		**91,861**	25,818
Cash flows from financing activities			
Interest paid		**(48)**	-
Interest element of finance lease payments		**(3,541)**	(3,494)
Interest received		**3,776**	653
Issue of shares		**72,906**	214,364
Capital element of finance lease rental payments		**(348)**	(330)
Net cash used in financing activities		**72,745**	211,193
Cash flows from investing activities			
Purchases of players' registrations		**(199,343)**	(130,865)
Purchases of other intangible assets		**(1,970)**	(102)
Proceeds from players' registrations		**52,430**	58,525
Purchases of property, plant and equipment		**(36,453)**	(22,069)
Proceeds from disposal of property, plant and equipment		**6**	2,754
Purchase of investments		**(1,293)**	(1,013)
Net cash used in investing activities		**(186,623)**	(92,770)
Net (decrease)/increase in cash and cash equivalents	22	**(22,017)**	144,241
Exchange gains on cash and cash equivalents		**874**	1,211
Cash and cash equivalents at 1 June		**242,963**	97,511
Cash and cash equivalents at 30 June	23	**221,820**	242,963

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.

The Group is reliant on its ultimate parent undertaking, Abu Dhabi United Group Investment and Development Ltd, for its continued financial support. It has received written confirmation from its ultimate parent undertaking that sufficient funds will be provided to finance the business for at least 12 months from the date of approval of the financial statements. Based on discussions with the ultimate owner and formal confirmation of support, the Directors continue to adopt the going concern basis in preparing the financial statements.

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 has been reversed as part of the transitional adjustments.

New and amended standards and interpretations mandatory for the first time for the financial period beginning 1 June 2016 and adopted by the Group

Annual improvements 2014-2016 and 2015-2017 cycles are a collection of amendments to standards as part of the IASB programme of annual improvements. The standards impacted are listed below:

Amendments to IFRS 1 First-time adoption of international financial reporting standards
Amendments to IFRS 12 Disclose of interests in other entities
Amendments to IAS 28 Investments in associates and joint ventures
Amendments to IAS 12 Income taxes
Amendments to IAS 23 Borrowing Costs

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

Amendments to IFRS 2 Share-based payment
Amendments to IFRS 4 Insurance Contracts
Amendments to IFRS 15 Revenue from contracts with customers
Amendments to IFRS 16 Leases
Amendments to IFRS 9 Financial instruments

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.

2 Significant accounting policies *(continued)*

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 2017. The Directors made the decision to change the year end to 30 June 2017 therefore the results are not entirely comparable.

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.

Results of subsidiaries with non-coterminous year ends within three months of the Group's year end are consolidated in these financial statements.

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.

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 IAS 39 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 IAS 39, 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.

2 Significant accounting policies *(continued)*

Business combinations and goodwill *(continued)*

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.

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 and donations. The Group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when specific criteria have been met for the principal activities described below.

2 Significant accounting policies *(continued)*

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 three 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.

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.

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.

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, 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 are recognised only when the outcome is certain.

Other commercial

Other commercial revenue includes revenue derived from the City Football Group and its subsidiary football clubs being Manchester City, New York City and Melbourne City 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 taken to revenue when a reliable estimate of the future performance of the contract can be obtained and it is probable that the amounts will not be refunded to the partner in future years. Revenue is recognised over the term of the contract in line with the partnership benefits enjoyed by each partner.

2 Significant accounting policies *(continued)*

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.

Accrued 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.

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 is certain 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.

2 Significant accounting policies *(continued)*

Non-current assets held for sale and discontinued operations *(continued)*

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.

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.

2 Significant accounting policies *(continued)*

Intangible assets *(continued)*

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 if management believes the performance conditions will be 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 will be 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.

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.

2 Significant accounting policies *(continued)*

Investments *(continued)*

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.

Based on the Group's assessment of control and significant influence, it has concluded that it does currently exert significant influence over any investments. As such, the Group's investments are classified as either subsidiaries or other investments.

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').

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 financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, Available for sale ('AFS') financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

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. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position 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 the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. 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 income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

2 Significant accounting policies *(continued)*

AFS financial assets *(continued)*

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income ('OCI') and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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 IAS 39.

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 IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

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.

2 Significant accounting policies *(continued)*

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 2016 relating to future income recognised up to and including the 13 month period ended 30 June 2017.

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. 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.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

Obligations under finance leases

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. 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, the likelihood of specific performance terms being met which would result in the payment of contingent consideration.

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 based on its value in use. 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.

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 publically available information on other franchises entering the league over time. Changes in fair value of the investment will be recorded through OCI.

Recoverability of receivables

Management assesses the recoverability of receivables on a case-by-case basis and provides for doubtful debt where deemed necessary.

4 Revenue

The principal activity of the Group is the operation of three 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 three football clubs. As such, segmental analysis has not been provided. 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.

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Matchday	**68,537**	64,729
Broadcasting - UEFA	**47,928**	61,242
Broadcasting - All Other	**160,724**	103,163
Other commercial activities	**237,066**	194,061
	514,255	423,195

External revenue that is attributable to markets outside the United Kingdom is £40,293,000 (2016: £31,973,000).

5 Operating income and expenditure

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Other operating income		
Other operating income	**6,972**	4,897
Operating expenditure		
Direct cost of sales and consumables	**13,364**	10,489
Remuneration of auditors and its associates:		
Audit fees – Group	**82**	82
Audit fees – Overseas subsidiaries	**37**	48
Tax Services	**129**	71
Hire of other assets – operating leases	**270**	137
Capital grants released and amortised	**(1,154)**	(1,791)
Other external charges	**146,927**	115,021
Employee costs (note 6)	**327,450**	249,428
Amortisation of player registrations	**121,779**	93,973
Amortisation of other intangible asset	**872**	272
Loss/(profit) on disposal of property, plant and equipment	**82**	(189)
Depreciation of tangible property, plant and equipment:		
Owned	**13,349**	12,028
Leased	**3,130**	2,983
	626,317	482,552

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

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

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	13 month period ended 30 June 2017	Year ended 31 May 2016
Football staff – including players	333	325
Commercial/administration staff	479	437
	812	762

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	291,701	222,977
Social security costs	33,937	25,114
Other pension costs	1,812	1,337
	327,450	249,428

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:

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Salaries and other short term benefits (including bonuses)	4,165	4,339
Post-employment benefits	87	71
	4,252	4,410

7 Finance income

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Bank interest	243	659
Unwinding of discount factor on player transfer receivables	258	473
Fair value movement on forward foreign exchange contracts	353	-
Other	4,054	1,169
	4,908	2,301

8 Finance costs

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Bank loans and overdrafts	45	-
Other loans	3	-
Fair value movement on forward foreign exchange contracts	-	353
Unwinding of discount factor on unpaid MLS expansion fee and player transfer payables	2,108	1,439
	2,156	1,792

9 Income tax

(a) Analysis of the tax (credit)/charge in the period:

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Current tax		
UK corporation tax at 19.8% *(2016: 20%)* on losses for the period	**-**	-
Adjustments in respect of prior years	**(537)**	-
Foreign tax	**15**	192
Total current tax (credit)/charge	**(522)**	192
Deferred tax		
Impact of change in UK corporation tax rate	**(447)**	(894)
Total deferred tax credit	**(447)**	(894)
Total tax credit	**(969)**	(702)

(b) Factors affecting tax credit for the period:

The tax credit for the period varies from the standard rate of corporation tax in the UK of 19.8% (*2016: 20%*). The differences are explained below:

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Loss on ordinary activities before taxation	**(72,039)**	(37,761)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 19.8% (*2016: 20%*)	**(14,242)**	(7,552)
Tax effects of:		
Expenses not deductible for tax purposes	**350**	3,516
Fixed asset timing differences	**1,549**	(957)
Other permanent differences	**986**	578
Deferred tax not recognised	**(4,856)**	(15,075)
Other short term timing differences	**-**	(41)
Income not taxable for tax purposes	**(85)**	(122)
Adjustments to deferred tax balances	**6,929**	13,093
Overseas losses not available for group relief	**9,384**	6,752
Tax rate differences arising on revaluation of the stadium	**(447)**	(894)
Adjustments in respect of prior years	**(537)**	-
Total tax credit for the period	**(969)**	(702)

The Group has corporation tax losses available for carry forward of approximately £638 million (*2016: £574 million*).

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:

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Arising on income and expenditure recognised in other comprehensive income		
Exchange loss on translation of overseas subsidiary before tax	**(4,346)**	(1,350)
Tax effect	**694**	26
Other comprehensive income after tax	**(3,652)**	(1,324)

10 Intangible assets

	Player Registrations £000	Goodwill £000	Software and website development £000	Other £000	Total £000
Cost					
As at 1 June 2016	523,487	5,813	2,599	1,801	533,700
Additions	204,340	-	1,970	-	206,310
Disposals	(39,020)	-	(1)	-	(39,021)
Exchange differences	(6)	-	3	(550)	(553)
As at 30 June 2017	**688,801**	**5,813**	**4,571**	**1,251**	**700,436**
Amortisation					
As at 1 June 2016	255,034	-	1,799	-	256,833
Charge in the period	121,779	-	872	-	122,651
Disposals	(22,725)	-	-	-	(22,725)
Exchange Differences	-	-	(5)	-	(5)
As at 30 June 2017	**354,088**	-	**2,666**	-	**356,754**
Net book value					
As at 30 June 2017	**334,713**	**5,813**	**1,905**	**1,251**	**343,682**
As at 31 May 2016	268,453	5,813	800	1,801	276,867

During the period, management assessed goodwill for impairment and no indicators existed.

11 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 2016	176,972	1,594	201,926	7,105	59,462	447,059
Additions	-	-	397	32,017	3,958	36,372
Disposals	-	-	-	-	(17)	(17)
Reclassification	15,444	-	1,015	(16,535)	76	-
Exchange differences	-	-	669	298	370	1,337
As at 30 June 2017	**192,416**	**1,594**	**204,007**	**22,885**	**63,849**	**484,751**
Depreciation						
As at 1 June 2016	3,729	144	9,795	-	23,172	36,840
Charge for the period	2,671	22	4,065	-	9,721	16,479
Disposals	-	-	-	-	(11)	(11)
Reclassification	-	-	-	-	-	-
Exchange differences	-	-	135	-	151	286
As at 30 June 2017	**6,400**	**166**	**13,995**	**-**	**33,033**	**53,594**
Net book value						
As at 30 June 2017	**186,016**	**1,428**	**190,012**	**22,885**	**30,816**	**431,157**
As at 31 May 2016	173,243	1,450	192,131	7,105	36,290	410,219

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 7.57% and an estimated long term inflation rate of 2.5% have 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.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

12 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

Other investments	**£000**
Cost/valuation	
As at 1 June 2016	62,082
Additions	1,293
As at 30 June 2017	**63,375**
Provisions for impairment	
As at 1 June 2016	1,880
Charge for the period	1,293
As at 30 June 2017	**3,173**
Net book value	
As at 30 June 2017	**60,202**
As at 31 May 2016	60,202

13 Financial instruments

	30 June 2017 £000	**31 May 2016 £000**
Financial assets		
Available for sale		
Other investments	60,202	60,202
Loans and receivables		
Trade and other receivables excluding prepayments	229,799	175,367
Cash and cash equivalents	221,820	242,963
Total	**511,821**	**478,532**
Financial liabilities		
At fair value through profit and loss		
Derivative financial instruments	-	353
Other financial instruments at amortised cost		
Trade and other payables excluding social security and other taxes (Note 15)	258,581	254,771
Total	**258,581**	**255,124**

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

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

14 Trade and other receivables

	30 June 2017	31 May 2016
	£000	£000
Trade receivables	**135,114**	69,955
Receivables arising from player transfers	**55,844**	42,117
Receivables from related party undertakings (note 25)	**5,529**	1,850
Other receivables	**358**	608
Accrued income	**32,954**	60,837
	229,799	175,367
Prepayments	**14,245**	10,206
	244,044	185,573
Less non-current amount		
Receivables arising from player transfers	**23,194**	13,299
Other receivables	**241**	511
Non-current trade and other receivables	**23,435**	13,810
Current trade and other receivables	**220,609**	171,763

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 2017	214,152	93,227	104,282	2,014	690	1,063	12,876
31 May 2016	125,371	83,339	2,192	1,124	4,339	17	34,360

As at 30 June 2017, trade receivables of an initial value of £3,223,000 (2016: £3,527,000) 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 2016	(3,527)	-	(3,527)
Charge for the period	-	-	-
Utilised	-	-	-
Unused amounts reversed	304	-	304
As at 30 June 2017	**(3,223)**	**-**	**(3,223)**

15 Trade and other payables

	30 June 2017 £000	31 May 2016 £000
Obligations under finance leases (note 16)	**66,322**	66,670
Trade payables	**12,463**	10,590
Payables arising from player transfers	**86,277**	76,386
Payables to related party undertakings	**1,613**	299
Accruals	**91,906**	100,826
	258,581	254,771
Other taxation and social security	**43,496**	17,602
	302,077	272,373
Less non-current amount		
Obligations under finance leases (note 16)	**65,926**	66,323
Payables arising from player transfers	**14,649**	26,922
Accruals	**28,690**	30,642
Non-current trade and other payables	**109,265**	123,887
Current trade and other payables	**192,812**	148,486

16 Borrowings

Maturity of obligations under finance leases:	30 June 2017 £000	31 May 2016 £000
Within one year	**396**	347
Between one and two years	**384**	365
Between two and five years	**1,271**	1,210
After more than five years	**64,271**	64,748
	66,322	66,670

Finance Leases

Obligations under finance leases include future obligations under the lease of the Etihad Stadium. Details are provided within note 11.

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

	30 June 2017 £000	31 May 2016 £000
Within one year	**3,550**	3,550
In the second to fifth year	**14,200**	14,200
Over five years	**150,275**	153,825
Less future finance charges	**(101,703)**	(104,905)
	66,322	66,670

17 Deferred income

	30 June 2017 £000	31 May 2016 £000
Deferred income	**142,686**	44,693
Current deferred income	**142,686**	44,693

18 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 2016	8,043	8,043
Credited to the income statement	(447)	(447)
As at 30 June 2017	**7,596**	**7,596**

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:

	30 June 2017 £000	31 May 2016 £000
Deferred tax liabilities	**7,596**	8,043

The Group has not recognised a deferred tax asset of £114.6m (2016: £117.2m) 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.

19 Share capital

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

	30 June 2017 £000	31 May 2016 £000
Issued, fully paid and called up		
534,578,702 (*2016: 516,144,954*) Ordinary shares of £1 each – fully paid	**534,579**	516,145
	534,579	516,145

During the period 18,433,748 ordinary shares of £1 each were issued for a consideration of £3.96 per share.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

20 Pensions

Defined benefit scheme

Manchester City Football Club ('the Club'), a subsidiary of the Group, 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 2014 where the total deficit on the on-going valuation basis was £21.8 million.

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 £63,852 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 August 2022.

As at 30 June 2017, the present value of the Club's outstanding contributions (i.e. their future liability) is £397,100. This amounts to £66,059 (2016: £65,272) due within one year and £331,041 (2016: £331,041) 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 2014), 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 £1,812,000 (2016: £1,625,194). As at 30 June 2017, contributions of £406,000 (2016: £298,000) due to the pension scheme were unpaid and recorded in current liabilities.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

21 Commitments

Operating leases

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

Expiring:	**30 June 2017 £000**	31 May 2016 £000
Within one year	**6,683**	11,179
Within two and five years	**1,556**	2,216
After five years	**-**	2,352
	8,239	15,747

Capital commitments

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

	30 June 2017 £000	31 May 2016 £000
Contracted but not provided for	**5,602**	3,033

The capital commitments represent contracted amounts in relation to the construction of the City Football Academy, expansion of the Etihad Stadium and the upgrade of IT system infrastructure.

Transfer fees payable

Additional transfer fees, signing on fees and loyalty bonuses of £111,033,000 (2016: £123,390,000) 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 they fall due for payment.

22 Reconciliation of net cash flow to movement in net cash/(debt)

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Increase in (debt)/cash in the period	**(22,017)**	144,241
Net cash inflow from movement in debt	**348**	330
Movement in net cash resulting from cash flows	**(21,669)**	144,571
Exchange gains on cash	**874**	1,211
Opening net cash position	**176,293**	30,511
Closing net cash position	**155,498**	176,293

23 Analysis of changes in net cash/(debt)

	As at 1 June 2016 £000	Cash flows £000	Exchange gains on cash £000	**As at 30 June 2017 £000**
Cash at bank and in hand	242,963	(22,017)	874	**221,820**
Net cash (excluding finance leases)	242,963	(22,017)	874	**221,820**
Finance leases	(66,670)	348	-	**(66,322)**
Net cash	176,293	(21,669)	874	**155,498**

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 and Australia and is therefore exposed to foreign currency risks on the income generated and costs incurred by those subsidiaries, mainly denominated in US Dollars and Australian Dollars.

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.

24 Financial risk management *(continued)*

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.

Euro

	Change in GBP:EUR rate	Effect on loss before tax	Effect on equity
		£000	£000
13 month period ended 30 June 2017	EUR strengthen 10%	(82)	-
	EUR weaken 10%	75	-
Year ended 31 May 2016	EUR strengthen 10%	(415)	-
	EUR weaken 10%	377	-

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
13 month period ended 30 June 2017	USD strengthen 10%	3,096	(2,484)
	USD weaken 10%	(2,814)	2,258
Year ended 31 May 2016	USD strengthen 10%	332	(3,142)
	USD weaken 10%	(302)	2,856

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 £66,322,000 (2016: £66,670,000). 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.

24 Financial risk management *(continued)*

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.

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	139,685	7,552	44,899	-	192,136
Finance lease obligations	-	396	1,655	64,271	66,322
Financial derivatives cash inflow	(353)	-	-	-	(353)
As at 30 June 2017	**139,332**	**7,948**	**46,554**	**64,271**	**258,105**

	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	108,188	16,853	63,060	-	188,101
Finance lease obligations	-	347	1,575	64,748	66,670
Financial derivatives cash outflow	353	-	-	-	353
As at 31 May 2016	**108,541**	**17,200**	**64,635**	**64,748**	**255,124**

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)*

	30 June 2017 £000	31 May 2016 £000
Financial assets		
Available for sale investments	**60,202**	60,202
	60,202	60,202
Financial liabilities		
Derivative financial instruments at fair value through profit and loss	-	353
	-	353

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. The fair value of available for sale assets is determined based on similar market transactions.

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 Group has entered into agreements to acquire the football registrations of Ederson Santana de Moraes (from Benfica), Kyle Walker (from Tottenham Hotspur FC), Benjamin Mendy (from AS Monaco FC), Danilo Luiz da Silva (from Real Madrid C.F.), Bernardo Silva (from AS Monaco FC), Douglas Luiz Soares de Paulo (from CR Vasco da Gama), Olarenwaju Kayode (from FK Austria Wien), Ivan Ilić (from Red Star Belgrade), Luka Ilić (from Red Star Belgrade) and Uriel Antuna (from Santos Laguna). The football registrations of Wilfried Bony (to Swansea City AFC), Kelechi Iheanacho (to Leicester City FC), Manuel Agudo Durán (to Sevilla FC), Fernando Francisco Reges Mouta (to Galatasaray SK), Samir Nasri (to Antalyaspor), Aleksandar Kolarov (to AS Roma), Jadon Sancho (to Borussia Dortmund), Olivier Ntcham (to Celtic FC), Rubén Sobrino (to Deportivo Alavés) and Bruno Zuculini (to Hellas Verona FC) have been sold. The net expenditure on these transactions was approximately £161m.

As the Group continues to expand its global presence, since the year end, the Group has acquired a 50% share of Goals City US Limited, a joint venture between the Group and Goals Soccer Centres PLC and acquired a 44% share in Girona FC, a club currently participating in La Liga.

City Football Group Limited

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

We have audited the parent company financial statements of City Football Group Limited for the 13 month period ended 30 June 2017 which comprise the balance sheet, the statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice 'UK GAAP').

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the FRC's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the parent Company's affairs as at 30 June 2017 and of the Company's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion 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 period 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.

City Football Group Limited

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Other matter

We have reported separately on the Group financial statements of City Football Group Limited for the 13 month period ended 30 June 2017.

BDO LLP

Stuart Wood (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
12 *October 2017*

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

City Football Group Limited

Company Balance Sheet

Registered number: 08355862

	Note	**30 June 2017 £000**	31 May 2016 £000
Fixed assets			
Intangible assets	5	**52**	139
Tangible assets	6	**3,847**	2,540
Investments	7	**570,881**	634,345
		574,780	637,024
Current assets			
Debtors - amounts falling due within one year	8	**125,518**	62,134
Cash at bank and in hand		**216,502**	186,841
		342,020	248,975
Creditors – due within one year	9	**(66,732)**	(35,304)
Deferred income – due within one year	10	**(1,522)**	(333)
Net current assets		**273,766**	213,338
Net assets		**848,546**	850,362
Capital and reserves			
Called up share capital	11	**534,579**	516,145
Share premium account		**479,104**	424,632
Profit and loss account		**(165,137)**	(90,415)
Shareholders' funds		**848,546**	850,362

The loss dealt with in the financial statements of the parent Company is £74.7m *(2016: £39.3m)*.

The notes on pages 45 to 50 form part of these financial statements.

These financial statements were approved by the Board of Directors on 12 October 2017 and were signed on its behalf by:

J MacBeath

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 2015	441,444	284,969	(51,105)	675,308
Loss for the year	-	-	(39,310)	(39,310)
Issue of share capital	74,701	139,663	-	214,364
As at 31 May 2016	516,145	424,632	(90,415)	850,362
Loss for the period	-	-	(74,722)	(74,722)
Issue of share capital	18,434	54,472	-	72,906
As at 30 June 2017	**534,579**	**479,104**	**(165,137)**	**848,546**

The total comprehensive income for the period was £74,722,000 (2016: £39,310,000).

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 13 month period ended 30 June 2017 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 12 October 2017. 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

Investments 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.

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 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 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of assets.

3 Significant accounting judgments, estimates and assumptions

The significant accounting judgments, estimates and assumptions applied in the preparation of the financial statements are the same as those set out in note 3 of the Group financial statements.

4 Loss attributable to the members of the parent company

The loss dealt with in the financial statements of the parent Company is £74.7m (2016: £39.3m).

5 Intangible fixed assets

	Software & website development £000	Total £000
Cost		
As at 1 June 2016	319	319
Additions	-	-
Disposals	(1)	(1)
As at 30 June 2017	**318**	**318**
Amortisation		
As at 1 June 2016	180	180
Charge for the period	86	86
Disposals	-	-
As at 30 June 2017	**266**	**266**
Net book value		
As at 30 June 2017	**52**	**52**
As at 1 June 2016	139	139

6 Tangible fixed assets

	Assets under the course of construction £000	Fixtures, fittings & equipment £000	Total £000
Cost			
As at 1 June 2016	1,746	1,557	3,303
Additions	1,590	159	1,749
Disposals	-	(3)	(3)
As at 30 June 2017	**3,336**	**1,713**	**5,049**
Depreciation			
As at 1 June 2016	-	763	763
Charge for the period	-	440	440
Disposals	-	(1)	(1)
As at 30 June 2017	**-**	**1,202**	**1,202**
Net book value			
As at 30 June 2017	**3,336**	**511**	**3,847**
As at 1 June 2016	1,746	794	2,540

City Football Group Limited

Notes to the Company Financial Statements *(continued)*

7 Fixed asset investments

	Subsidiary undertakings £000	Other investments £000	Total £000
Cost			
As at 1 June 2016	705,477	4,806	710,283
Additions	2,900	1,293	4,193
As at 30 June 2017	**708,377**	**6,099**	**714,476**
Provisions for impairment			
As at 1 June 2016	74,058	1,880	75,938
Charge for the period	66,364	1,293	67,657
As at 30 June 2017	**140,422**	**3,173**	**143,595**
Net book value			
As at 30 June 2017	**567,955**	**2,926**	**570,881**
As at 31 May 2016	631,419	2,926	634,345

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 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	Intermediate holding company	Uruguay	100%	11100 Montevideo, Uruguay, Colonia 810, suite 4013

* denotes indirect investments.

On 5 April 2017, City Football Group Limited acquired Terenti SAD.

8 Debtors

	30 June 2017 £000	31 May 2016 £000
Trade debtors	**1,703**	2,091
Amounts owed by group undertakings (note 13)	**116,023**	56,664
Amounts owed by related party undertakings (note 13)	**5,344**	1,884
Other receivables	**1**	-
Prepayments and accrued income	**2,447**	1,495
	125,518	62,134

All of the above debtors are due within one year.

9 Creditors

	30 June 2017 £000	31 May 2016 £000
Trade creditors	**1,534**	467
Amounts owed to group undertakings (note 13)	**56,570**	26,938
Amounts owed to related party undertakings (note 13)	**1,613**	299
Other creditors including tax and social security	**158**	
Accruals	**6,857**	7,594
	66,732	35,304

All of the above creditors are due within one year.

10 Deferred income

	30 June 2017 £000	31 May 2016 £000
Deferred credit for capital grants	**1,522**	333

11 Called up share capital

	30 June 2017 £000	31 May 2016 £000
Issued, fully paid and called up		
534,578,703 (*2016: 516,144,954*) Ordinary shares of £1 each – fully paid	**534,579**	516,145
	534,579	516,145

During the period 18,433,748 ordinary shares of £1 each were issued for a consideration of £3.96 per share.

12 Deferred tax

The Company has not recognised a deferred tax asset of £5.4m (2016: £3.9m) 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.

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

Transactions during the 13 month period ended 30 June 2017 with the parent undertaking, Abu Dhabi United Group Investment and Development Ltd and China Media Capital Holdings consisted of the subscription for additional shares in the Group outlined in note 19. A balance receivable from Abu Dhabi United Group Investment and Development Ltd of £1,313,000 (2016: £721,000) was included in debtors within one year.

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

Transactions during the 13 month period ended 30 June 2017 with New York City Football Club LLC consisted of the provision of services of £311,000 (2016: £448,000), the purchase of services of £298,000 (2016: £435,000) and the provision of cash loans. A balance of £88,974,000 is included in debtors due within one year (2016: £37,749,000).

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 (2016: £1,163,000) is included in debtors due within one year.

Transactions with Yokohama F. Marinos

Transactions with Yokohama F. Marinos consisted of the investment in the club. A balance of £1,613,000 is included in creditors due within one year (2016: £299,000).

Purchases of goods or services from other related parties

J MacBeath was a director of the Group throughout the year. Fees for services of £5,000 (2016: £6,000) 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 £27,000 (2016: £21,000) 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.

16 Events after the reporting date

Since the year end, the Company has acquired a 50% share of Goals City US Limited, a joint venture between the Company and Goals Soccer Centres PLC and acquired a 44% share in Girona FC, a club currently participating in La Liga.