

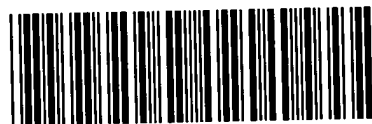
City Football Group Limited

Annual Report and Financial Statements

For the year ended 30 June 2021

Registered number 08355862

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City Football Group Limited

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City Football Group Limited

Directors and Company Information

Directors

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

Company Secretary

S Cliff

Registered Office

City Football Hq, 400 Ashton New Road, Manchester, England, M11 4TQ

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 Company Information *(continued)*

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

Khaldoon Al Mubarak, Chairman

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

Mr Al Mubarak is the Managing Director and Group Chief Executive Officer of Mubadala Investment Company. He also serves as the Chairman of the Boards of the Emirates Nuclear Energy Corporation, Abu Dhabi Commercial Bank and Emirates Global Aluminium and sits on the Board of the Abu Dhabi National Oil Company. He is also Chairman of the Abu Dhabi Executive Affairs Authority and a member of the New York University Board of Trustees.

Martin Edelman, Member of the Board

Martin Edelman was appointed to the Board in September 2008.

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

Simon Pearce, Member of the Board

Simon Pearce was appointed to the Board in September 2008.

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

John MacBeath, Member of the Board

John MacBeath was appointed to the Board in January 2010.

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

Mohamed Al Mazrouei, Member of the Board

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

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

Alberto Galassi, Member of the Board

Alberto Galassi was appointed to the Board in June 2012.

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

Ruigang Li, Member of the Board

Ruigang Li was appointed to the Board in December 2015.

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

Abdulla Khouri, Member of the Board

Abdulla Khouri was appointed to the Board in July 2018.

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

Egon Durban, Member of the Board

Egon Durban was appointed to the Board in December 2019.

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

City Football Group Limited

Strategic Report

The Directors present their annual report on the affairs of the Group and Company, together with the audited financial statements, for the year ended 30 June 2021.

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

Principal activities

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

Business review and key performance indicators

City Football Group Limited was created in January 2013 and holds investments in multiple football clubs around the world, specifically Manchester City Football Club, New York City Football Club, Melbourne City Football Club, Montevideo City Torque (previously Club Atlético Torque SAD), Girona Futbol Club SAD, Lommel SK, and l'Espérance sportive Troyes Aube Champagne as well as holding smaller stakes in Yokohama F. Marinos and Sichuan Jiuniu Football Club. The Group also operates soccer centres on both the West and East coast of United States of America.

The Group has reported a loss of £52.9m for the year (2020: £205.3m) with the COVID-19 pandemic continuing to impact the Group's trading and operations. As a result of the pandemic, year-on-year comparisons for revenues, costs, profits, and key ratios will be partly misleading and, for full context, the 2020-21 results should be viewed alongside the 2019-20 results. Overall, for the 2020-21 financial year, revenues increased by £80.1m (14.7%). The Group's financial position remains strong with net assets of £910.5m (2020: £580.1m).

Manchester City Football Club

Manchester City Football Club, along with the other football clubs in the Group, has been significantly impacted by the pandemic. This was the second season since the COVID-19 pandemic began and fans were only able to attend one home game, the final match against Everton, with a capacity capped in line with UK government directives. The 10,000 fans in attendance were able to witness Sergio Aguero's final two goals in a Manchester City shirt as he left the club having set a record as the highest non-English Premier League goal scorer. This year's financial figures are impacted by the delay in the completion of the previous 2019-20 season, which was paused early in the pandemic on 13 March 2020 and resumed after a three-month absence on 17 June 2020. Consequently, matches relating to just under a quarter of the 2019-20 Premier League season and the latter stages of that season's UEFA Champions League ('UCL') and FA Cup competitions were played in July and August 2020 and therefore revenue for these matches has been included in these 2020-21 financial statements. This marks the first Premier League season that has straddled two financial years.

Across the whole of the 2020-21 financial year, Manchester City Football Club matchday revenue was significantly impacted by the pandemic, with ticketing and hospitality revenues falling to almost zero as a result of all but one match being played behind closed doors. This is the first time that almost the whole season has been played without fans and the associated revenues. Separate from these COVID-19-related factors, the most significant impact on revenues this year is a large 56% boost to broadcasting income, primarily due to reaching the UCL final. The overall effect is that total revenues for Manchester City Football Club increased year-on-year by £91.5m, 19.1% (2020: £56.8m decrease, -10.6%). At £569.8m, they are now higher than in any previous year and there was a return to profit, as anticipated in last year's Annual Report. The net profit in 2020-21 for Manchester City Football Club was £2.4m (2020: £126.0m loss), owing to a combination of strong broadcasting and commercial growth this year and the inclusion of revenues for games from the 2019-20 season.

Other entities

New York City Football Club generated revenues of £26.6m during the period (2020: £33.1m), a 13.0% overall decrease on the previous season largely driven by the pandemic and the resulting £6.0m fall in matchday revenues. Otherwise commercial revenue remained robust falling slightly to £22.1m in the Club's sixth season, while earning Major League Soccer ('MLS') Playoffs qualification for the 5th consecutive season and further establishing itself as one of the pre-eminent franchises in MLS on and off the pitch.

Girona Futbol Club SAD contributed revenues of £9.2m in 2020-21 (2020: £22.0m), a 58% decrease from the 2019-20 season. The significant reduction in revenues was due to a combination of Girona's relegation from La Liga in 2019, which has continued reduce broadcasting income in the Segunda Division, and the impact of the COVID-19 pandemic on matchday revenues. On pitch performance was disappointing with Girona finishing 5th and failing to achieve promotion back to La Liga.

Melbourne City Football Club and l'Espérance sportive Troyes Aube Champagne contributed revenues of £7.5m and £5.4m respectively. Both clubs enjoyed successful seasons on the pitch. Melbourne City Football Club completing a domestic double, winning the A-League title for the first time, and beating Sydney Football Club in the Grand Final. l'Espérance sportive Troyes Aube Champagne were promoted to Ligue 1 after finishing first in the French second tier.

City Football Group Limited

Strategic Report *(continued)*

Business review and key performance indicators *(continued)*

The Group measures performance against the following key indicators:

Key performance indicator	2020-21	2019-20
First team performance – MCFC – Premier League finishing position	1 st place	2 nd place
First team performance – MCFC – UEFA Champions League	Runner-up	Quarter final
First team performance – MCWFC – FA Women's Super League 1	2 nd place	2 nd place
First team performance – NYCFC – MLS Eastern Conference finishing position (2020 season)	5 th place	1 st place
First team performance – Melbourne City FC – A-League finishing position	1 st place	2 nd place
First team performance – Melbourne City Women's FC – W-League	7 th place	1 st place
First team performance – Girona FC – Segunda Division	5 th place	5 th place
Wage turnover ratio – MCFC	62%*	73%*
Average home league attendance – MCFC (all except one 2020-21 fixture played behind closed doors)	N/A	54,219
Average home league attendance – MCWFC	N/A	5,381
Average home league attendance – NYCFC (2020 season) (all 2020 fixtures played behind closed doors)	N/A	18,510
Average home league attendance – Melbourne City FC (attendance restrictions in place)	N/A	7,364
Average home league attendance – Girona FC (attendance restrictions in place)	N/A	7,837
Profit on disposal of players' registrations	£80m	£48m

* This key performance indicator has been significantly impacted by COVID-19 and is not representative of the full season as revenues for the 2019-20 season straddle two financial years. Manchester City showed commitment to their employees by not using the government furlough scheme and not making any redundancies in either the 2019-20 or 2020-21 financial years because of the pandemic.

Risks and uncertainties

The Board acknowledges that there are a number of risks and uncertainties which could have a material impact on the Group's performance. The Group's income is affected by the performance of the Manchester City Football Club first team because significant revenues are dependent upon strong team performances in the Premier League, domestic and European Cup competitions. In addition to this, as the Group increases its global footprint, there will be similar risks in New York, Melbourne, Girona, Troyes, Montevideo, and Lommel related to global partnerships. The Group is regulated by the rules of the FA, Premier League, FFA, MLS, The Royal Spanish Football Federation, The Royal Belgian Football Association, Fédération Française de Football, UEFA, and FIFA. 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.

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

The main financial risks impacting the Group, including market, credit, and liquidity risks, are discussed in note 26 of these financial statements.

Future developments

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

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

On 26 February 2021, Goals Soccer Centers, Inc., and SoFive, Inc., combined their respective sites to create a new entity, City SoFive Soccer, Inc. The Group owns 55% of this new entity and SoFive, Inc. own the remaining 45%. This combined entity should result in significant revenue growth in the recreational soccer market, both on the West and East coasts of the USA.

City Football Group Limited

Strategic Report *(continued)*

Section 172 (1) statement

The purpose of this statement is to explain how the Directors had regard to the matters set out in section 172(1)(a) to (f) during the year when performing their duty under section 172 of the Companies Act 2006.

Section 172 requires the Directors to act in a way that they consider, in good faith, would most likely promote the success of the Group for the benefit of its members as a whole. In doing this, section 172 requires the Directors to have regard, amongst other matters, to the following six specified areas under section 172(1)(a) to (f), that largely relate to broader stakeholder interests:

- Likely consequences of any decisions in the long-term;
- Interests of the Company's employees;
- Need to foster the Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- Need to act fairly between members of the Company.

The Directors acknowledge the importance of responsible corporate decision-making and that the decisions they take impact a broad range of stakeholders, including the City Football Group shareholders, supporters, staff members, suppliers, partners, and the wider community, all of whom the Directors have a statutory duty to consider when taking decisions.

In order to ensure the Directors give due regard to the items listed above during the decision-making process, it is vital that the stakeholder voice is heard and is therefore brought into the discussions held by our Directors, both formally and informally, and the decision-making process in various ways. Examples include:

Fans: fan engagement data is shared with the Board on a regular basis and our supporters are at the forefront of our decision-making. The Directors were acutely aware of the impact of COVID-19 on supporters of the clubs within the Group, particularly when all games were suspended. Significant steps were taken to ensure increased digital engagement with supporters, as described in more detail in the Business Review;

Shareholders: representatives of each of the Group's shareholders sit on the Board of Directors. This ensures our shareholders have full visibility of the Group's long-term strategic objectives, key decision-making processes, and ongoing performance;

Employees: results of the annual staff engagement survey and regular pulse surveys are shared with the Board to ensure the Directors have visibility of those areas where staff feedback is positive and where improvement could be made. Particular focus was placed during the year on monitoring the mental and physical wellbeing of staff members during the COVID-19 pandemic with a number of initiatives put in place to ensure staff members felt supported;

Partners: regular updates are shared with the Board regarding partner relations. COVID-19 has led to a challenging trading environment for many of our partners. The Board are cognisant of this and have been abreast of the ongoing conversations with partners around how best the Group can support them through the pandemic;

Suppliers: the Group values all its suppliers and has developed strong working relationships over time. The Board ensures the fair treatment of suppliers and are updated on any issues in a timely manner; and

Wider Community: the communities in which the Group operates are considered throughout any major decision. When acquiring new football clubs or undertaking new projects, such as the New York stadium and Etihad Campus arena projects, the Board considers the broader impact to the local community and what benefits the City Football Group can provide at a local level.

During the year ended 30 June 2021, Manchester City Football Club announced its intended participation and subsequent withdrawal from the European Super League. A settlement has been agreed with UEFA, including a one-off charitable donation and a five percent reduction of UEFA revenues generated in the 2023-24 season. A further settlement has been agreed with the Premier League and the FA, which will be reinvested into football related good causes. On 27 September 2021, UEFA announced the payments relating to the settlement would be suspended whilst court proceedings are pending.

By order of the Board

DocuSigned by:

John MacBeath

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J MacBeath

Director

5 November 2021

City Football Group Limited

Directors' Report

Directors

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

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

Result for the period

The loss for the financial period was £52.9m (2020: £205.3m). The Directors do not propose a dividend (2020: £nil).

Political and charitable contributions

The Group made no political contributions (2020: £nil). Donations to UK charities amounted to £5.0m (2020: £3.9m). This amount includes £3.8m supporting Premier League youth and community development (2020: £2.6m).

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 26 to the consolidated financial statements.

Events after the reporting date

Events after the reporting date are discussed in note 28 to the consolidated financial statements.

Environmental and local community

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

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

Future developments

Future developments are discussed in the Strategic Report.

Financial risk management

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

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

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

City Football Group Limited

Directors' Report *(continued)*

Streamlined Energy and Carbon Reporting

The Group was responsible for 4,236 tonnes of UK emissions in the year (2020: 4,532 tonnes) and total energy consumed in the UK by the Group was 20,976,802 kwh (2020: 20,641,819 kwh). The Intensity Ratio of the Group is 6.79 tonnes/£1m of revenue (2020: 9.47 tonnes/£1m of revenue). The Group work closely with a third party in order to monitor and calculate emissions each year with the Department for Environment, Food and Rural Affairs providing the primary calculation tool. In the year, the Group undertook a number of initiatives to reduce CO2 emissions including the installation of LED floodlights at the Etihad stadium. It also performed a review of all business travel resulting in a significant contribution to a 71.1% decrease in emissions associated with scope 1 transport (diesel). The Group continued to procure its electricity in a Power Purchase Agreement (PPA). This certifies wholly renewable electricity which has a zero CO2 rating.

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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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.

The auditor, BDO LLP, is deemed to be reappointed under section 487(2) of the Companies Act 1985 which continues in force under the Companies Act 2006.

By order of the Board

DocuSigned by:

John MacBeath

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J MacBeath

Director

5 November 2021

City Football Group Limited

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

Opinion

We have audited the financial statements of City Football Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 which the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Balance Sheet, Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

City Football Group Limited

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

Other Companies Act 2006 reporting *(continued)*

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

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

In the light of the knowledge and understanding of the Group and Parent 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Based on our understanding and accumulated knowledge of the Group and Company and the sector in which they operates we considered the risks of acts by the Group and Company which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements. These included but are not limited to those that relate to the form and content of the financial statements, such as accounting policies, IFRS, the Companies Act 2006, relevant taxation legislation, Health and Safety and the Bribery Act 2010.

We determined that the principle risks were related to inappropriate journals entries, management bias in accounting estimates and revenue recognition. Our audit procedures included but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging Assumptions and judgements made by management in their significant accounting estimates, in particular bad debt and legal and regulatory provisions, recoverability of intercompany debtors and carrying value of investments and other non current assets;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations;

City Football Group Limited

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

Auditor's responsibilities for the audit of the financial statements *(continued)*

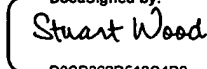
- Testing a sample of revenue transactions to signed contracts and other third party documentation to ensure they are recorded in the correct period;
- Discussion held with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of board meetings from throughout the year as well as a review of internal audit reports
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

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

5 November 2021

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

City Football Group Limited

Consolidated Income Statement

	Note	2021 £000	2020 £000
Continuing operations			
Revenue	4	624,585	544,496
Other operating income	5	9,377	5,705
Operating expenses	5	(785,102)	(764,401)
Operating loss before profit on disposal of player registrations		(151,140)	(214,200)
Profit on disposal of players' registrations		79,712	48,339
Operating loss		(71,428)	(165,861)
Finance income	7	38,747	4,520
Finance costs	8	(14,026)	(38,512)
Share of losses from joint ventures		(3,493)	(4,184)
Loss before tax from continuing operations		(50,200)	(204,037)
Income tax	11	(2,742)	(1,306)
Loss from continuing operations		(52,942)	(205,343)
Attributable to:			
Owners of the parent		(43,595)	(197,176)
Non-controlling interests		(9,347)	(8,167)
		(52,942)	(205,343)

The notes on pages 17 to 47 form part of these financial statements.

City Football Group Limited

Consolidated Statement of Comprehensive Income

	2021 £000	2020 £000
Loss for the year	(52,942)	(205,343)
Other comprehensive income:		
Foreign currency translation differences, net of tax	(7,976)	164
Total comprehensive loss for the period, net of tax	(60,918)	(205,179)
Attributable to:		
Owners of the parent	(51,571)	(197,012)
Non-controlling interests	(9,347)	(8,167)
Total comprehensive loss for the period, net of tax	(60,918)	(205,179)

The notes on pages 17 to 47 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

As at 30 June 2021

	Note	2021 £000	2020 £000
Non-current assets			
Intangible assets	12	504,324	473,854
Property, plant and equipment	13	370,077	374,994
Right of use assets	14	112,108	94,917
Investment in joint ventures	10	8,780	3,493
Other investments	15	157,159	148,629
Trade and other receivables	17	7,203	14,470
		1,159,651	1,110,357
Current assets			
Trade and other receivables	17	300,644	287,306
Cash and cash equivalents		119,568	132,149
		420,212	419,455
Total assets		1,579,863	1,529,812
Current liabilities			
Trade and other payables	18	(292,148)	(249,095)
Deferred income	20	(204,744)	(177,751)
		(496,892)	(426,846)
Net current liabilities		(76,680)	(7,391)
Total assets less current liabilities		1,082,971	1,102,966
Non-current liabilities			
Trade and other payables	18	(144,034)	(497,113)
Deferred tax liabilities	21	(28,466)	(25,785)
		(172,500)	(522,898)
Total liabilities		(669,392)	(949,744)
Net assets		910,471	580,068
Equity			
Share capital	22	596,739	534,579
Share premium		793,810	479,104
Merger reserve		694,522	694,522
Revaluation reserve		52,050	52,050
Foreign currency translation reserve		(16,669)	(8,693)
Retained earnings		(1,210,112)	(1,164,932)
Equity attributable to owners of the parent		910,340	586,630
Non-controlling interests		131	(6,562)
Total equity		910,471	580,068

The notes on pages 17 to 47 form part of these financial statements.

These financial statements were approved by the Board of Directors on 5 November 2021 and were signed on its behalf by:

DocuSigned by:

John MacBeath

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J MacBeath

Director

City Football Group Limited

Consolidated Statement of Changes in Equity

Attributable to the owners of the parent

	Share capital £000	Share premium £000	Merger reserve £000	Translation reserve £000	Revaluation reserve £000	Retained earnings £000	Total £000	Non- controlling interests £000	Total equity £000
As at 1 July 2019	534,579	479,104	694,522	(8,857)	52,050	(967,756)	783,642	377	784,019
Comprehensive income									
Loss for the year	-	-	-	-	-	(197,176)	(197,176)	(8,167)	(205,343)
Other comprehensive income									
Currency translation differences	-	-	-	164	-	-	164	-	164
Total comprehensive income	-	-	-	164	-	(197,176)	(197,012)	(8,167)	(205,179)
Issue of share capital	-	-	-	-	-	-	-	1,228	1,228
As at 30 June 2020	534,579	479,104	694,522	(8,693)	52,050	(1,164,932)	586,630	(6,562)	580,068
Comprehensive income									
Loss for the year	-	-	-	-	-	(43,595)	(43,595)	(9,347)	(52,942)
Other comprehensive income									
Currency translation differences	-	-	-	(7,976)	-	-	(7,976)	-	(7,976)
Total comprehensive income	-	-	-	(7,976)	-	(43,595)	(51,571)	(9,347)	(60,918)
Issue of share capital	62,160	314,706	-	-	-	-	376,866	1,142	378,008
Acquisition of NCI	-	-	-	-	-	-	-	14,898	14,898
Revaluation of shares issued	-	-	-	-	-	(1,585)	(1,585)	-	(1,585)
As at 30 June 2021	596,739	793,810	694,522	(16,669)	52,050	(1,210,112)	910,340	131	910,471

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 increase in called up share capital relates to the Silver Lake investment, which is discussed in detail in note 3 to these financial statements. On 31 December 2020, to reflect the intention of the investment and to recognise in equity, the shareholders' agreement was amended to remove any Company obligation. Furthermore, the amendment clarifies and removes the possibility that the Company may have to issue a variable number of ordinary shares, should the preference shares be converted in the future.

The notes on pages 17 to 47 form part of these financial statements.

City Football Group Limited

Consolidated Statement of Cash Flows

	Note	2021 £000	2020 £000
Operating activities			
Loss before tax from continuing operations		(50,200)	(204,037)
<i>Non cash adjustments to reconcile loss before tax to net cash flows</i>			
Finance income		(38,747)	(4,520)
Finance costs		14,026	38,512
Share of loss of a joint venture		3,493	4,184
Profit on disposal of players		(79,712)	(48,339)
Amortisation and impairment of players' registrations	5	172,364	151,858
Amortisation of other intangible assets	5	152	524
Investment impairment		2,995	973
Investment fair value adjustment		(4,725)	-
Depreciation	5	16,294	18,337
Impairment of property, plant and equipment	5	-	5,167
Loss on disposal of property, plant and equipment	5	27	1,410
Loss on disposal of other intangible assets	5	1,651	-
Fair value (gains) on derivative financial instruments		-	1,302
Increase in trade and other receivables		(19,415)	(123,034)
Increase/(decrease) in trade and other payables and other deferred income		32,475	(9,897)
Net cash flow (used in)/from operating activities		50,678	(167,560)
Financing activities			
Interest paid		(7,053)	(7,122)
Interest received		76	506
Capital element of lease rental payments		(1,033)	(403)
Issue of preference shares		-	379,842
Transaction fees of issue of preference shares		-	(3,142)
Drawdown of other loan		39,992	-
Net cash (used in)/from financing activities		31,982	369,681
Investing activities			
Purchases of players' registrations		(186,782)	(199,269)
Purchases of other intangible assets		(4)	(266)
Proceeds from players' registrations		149,376	89,449
Purchases of property, plant and equipment		(32,974)	(22,223)
Purchases of subsidiary undertaking		(6,699)	(4,000)
Net cash acquired with subsidiary undertaking		3,023	4,641
Funding/purchase of joint venture		(14,232)	(5,014)
Funding/purchase of investments		(6,800)	(2,924)
Net cash used in investing activities		(95,092)	(139,606)
Net (decrease)/increase in cash and cash equivalents	25	(12,432)	62,515
Exchange (losses)/gains on cash and cash equivalents		(149)	4,232
Cash and cash equivalents at 1 July		132,149	65,402
Cash and cash equivalents at 30 June	25	119,568	132,149

The notes on pages 17 to 47 form part of these financial statements.

City Football Group Limited

Notes to the Consolidated Financial Statements

1 General information

City Football Group Limited is a private company limited by share capital incorporated and domiciled in England and Wales under the Companies Act 2006. The registered office is City Football Hq, 400 Ashton New Road, Manchester, England, M11 4TQ. 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 international accounting standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and liabilities (including derivative financial instruments) which are recognised at fair value through the Income Statement and investments at fair value through other comprehensive income.

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

Going concern

The Group has prepared a detailed cash flow forecast which shows that it is able to operate and meet its liabilities as they fall due for payment for at least 12 months from the date of approval of these financial statements. COVID-19 presents a unique and constantly changing challenge and the ongoing impact of the pandemic was considered as part of this forecasting.

The Group considered multiple scenarios and performed stress-tests to the cash flow forecast, including fixtures remaining behind closed doors for the entirety of the 2021/22 season and restrictions on future revenue generating events.

Following this assessment, the Directors reasonably expect the Group will continue in existence for a period of at least 12 months from the date these financial statements are approved. Accordingly, and notwithstanding the net current liabilities of the Group, the financial statements have been prepared on a going concern basis.

In July 2021, the Group completed a \$650m term loan and secured a £80m revolving credit facility, which further strengthens the working capital of the Group. Both facilities are not due for repayment until June 2028.

New standards, amendments and interpretations

No standards have been adopted mandatorily for the first time, or adopted early, by the Company.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

New and amended standards and interpretations issued but not yet effective

- Amendments to IFRS 3 Business Combinations (mandatory for the first time for financial year beginning 1 July 2022);
- Amendments to IAS 16 Property, Plant and Equipment (mandatory for the first time for financial year beginning 1 July 2022);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (mandatory for the first time for financial year beginning 1 July 2022);
- Annual Improvements to IFRS 1 First time adoption of IFRS (mandatory for the first time for financial year beginning 1 July 2022);
- Annual Improvements to IFRS 9 Financial Instruments (mandatory for the first time for financial year beginning 1 July 2022); and
- Annual Improvements to Illustrative Examples accompanying IFRS 16 Leases (mandatory for the first time for financial year beginning 1 July 2022).

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.

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 2021.

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

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

Subsidiaries

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

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

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

Transactions with non-controlling interests

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in operating expenses. For acquisitions in stages, the initial investment is remeasured to its fair value, with gains or losses being recognised in the profit and loss. The full investment is then accounted for using the acquisition method outlined above.

A gain on bargain purchase is recognised through the profit and loss when the consideration for an investment is less than the fair value of the net assets acquired.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

Business combinations and goodwill *(continued)*

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

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

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

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

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

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

The Group 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 and 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.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

Foreign currency translation *(continued)*

Group companies *(continued)*

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, and other commercial activities relating to the Group. The Group recognises revenue based on the fair value of each performance obligation within a contract, once the obligations have been extinguished, for each of the principal activities which are separated by reportable segments described below.

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

Matchday

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

United Kingdom

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

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

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.

Europe

Girona Futbol Club SAD, Lommel SK, and l'Espérance sportive Troyes Aube Champagne domestic matchday activities played at Estadi Montilivi, Soevereij Stadion, and Stade de l'Aube respectively, as well as 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.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

TV broadcasting

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

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

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

Other commercial

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

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

For any partnership contracts which include variable consideration, the Group estimates the amount of consideration to which it will be entitled in exchange for the promised goods or services. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Other operating income

Income generated from other operations such as distributions from MLS and income from the Elite Player Performance Plan ('EPPP'), being a youth development scheme initiated by the Premier League, is recognised in the financial year for the season to which it relates. It also includes fair value adjustments to investments not deemed to be associates, jointly controlled entities or subsidiaries by management.

Other receivables and deferred income

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

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

Taxes

Current income tax

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

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

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

Taxes *(continued)*

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 assess it is probable they can be utilised in the foreseeable future.

VAT and other sales taxes

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

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

Leases

IFRS 16 was adopted from 1 July 2019 using a modified retrospective transition approach.

The main impact of IFRS 16 for the Company was the recognition of all future lease liabilities on the Statement of Financial Position. Corresponding right of use assets have also been recognised on the Statement of Financial Position, representing the economic benefits of the Company's right to use the underlying leased assets.

The weighted average incremental borrowing rate applied to lease liabilities where no rate is included in the lease contract is 4.50%.

For any new contracts entered into, the Company considers whether a contract is or contains a lease. A lease is defined as a contract that conveys the right to use of an asset for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

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	-	50 years 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	-	4-10 years straight line
Computer equipment	-	4 years straight line

Intangible assets

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

Players' registrations and football staff remuneration

Initial recognition

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

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

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

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's registration cannot be determined on a player by player basis unless certain circumstances arise, such as a player suffering a career threatening injury or a player is no longer deemed to be part of the first team. If such an event 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's registration was below its carrying value, management would record an impairment charge in profit or loss 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.

Investments

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

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

Investments in joint ventures

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

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

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Derivatives, including separated embedded derivatives, are classified as fair value through profit and loss. Financial assets at fair value through profit or loss are carried in the 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 profit or loss.

Financial assets at fair value through other comprehensive income

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

Financial assets classified as amortised cost

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

Impairment of financial assets

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

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

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Gains or losses on liabilities held for trading are recognised in the Income Statement.

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

Amortised cost

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

Derecognition

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

Offsetting of financial instruments

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

Derivative financial instruments and hedging

Derivatives used to hedge documented risks are initially recognised at fair value on the date of inception and subsequently measured at fair value at the end of each period. Subsequent changes in fair value are recognised depending on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges in order to hedge future cash flows denominated in foreign currencies. The Group had no designated hedges in place at 1 July 2020 relating to future income recognised up to and including the year ended 30 June 2021.

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.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

2 Significant accounting policies *(continued)*

Derivative financial instruments and hedging *(continued)*

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 and so has entered into an agreement with the multi-employer plan that determines how the Group will fund a deficit. The Group recognises a liability for the contributions payable that arise from the agreement and a resulting expense in the Statement of Comprehensive Income.

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.

Preference shares

Preference shares classified as debt are stated initially at the amount of the net proceeds after the deduction of issue costs. The carrying amount is held at amortised cost and is increased by the finance cost in respect of the accounting period and reduced by payments made in the accounting period. Finance costs are recognised as they accrue in the profit and loss in interest payable. If the preference shares are denominated in a currency other than the functional currency, foreign exchange gains and losses are recognised in the profit and loss account. Directly attributable costs are recognised offset against the preference share debt.

Preference shares classified as equity are recognised in share capital in line with the nominal value of the preference shares with the excess above this nominal value being recognised in share premium. Preference shares denominated in a currency other than the functional currency are translated at the date of issue with no future foreign exchange revaluations. Directly attributable costs are recognised in the share premium account.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

3 Significant accounting judgments, estimates and assumptions

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

Player registrations

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

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

Goodwill and other intangible assets

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

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

Financial instruments

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

Fair value of MLS investment

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

New York stadium costs

Work continues on the planning and pre-construction costs of a football stadium in New York which will ultimately be used by New York City Football Club. Costs are being incurred related to this long-term project and have been capitalised in line with IAS 16. Management deems it probable that this project will provide future economic benefit to the Group. Management will continue to make an assessment on the likelihood of this project producing future economic benefit at each year end. Similar principles are applied to other developments at the pre-planning stage.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

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

Preference shares

In November 2019, United States-based Silver Lake signed a definitive agreement to make a \$500 million investment in the Group, equivalent to just over 10% of the company's post-investment value. The deal valued the Group at \$4.8 billion and will be used by the Group to fund international business growth opportunities and develop the Group's technology and infrastructure assets. As part of this deal, Silver Lake acquired 62,160,314 Preference Shares of £1 each.

The intended substance of the transaction was as an equity investment. However, as part of the June 2020 statutory year end audit, additional procedures were performed and the Group auditors concluded that the preference shares should have been classified as debt due to the legal form of the shareholders' agreement. Specifically, Silver Lake's ability to put the shares to the Company gave rise to a financial liability.

On 31 December 2020, to reflect the intention of the investment and to recognise in equity, the shareholders' agreement was amended to remove the aforementioned Company obligation. Furthermore, the amendment clarifies and removes the possibility that the Company may have to issue a variable number of ordinary shares, should the preference shares be converted in the future.

Receivable recoverability

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

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

	2021 £000	2020 £000
Matchday	2,664	51,137
Broadcasting - UEFA	115,257	76,369
Broadcasting - All Other	199,374	135,078
Other commercial activities	307,290	281,912
	624,585	544,496

External revenue that is attributable to markets outside the United Kingdom is £55,475,000 (2020: £65,124,000).

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

5 Operating income and expenditure

	2021 £000	2020 £000
Other operating income		
Other operating income	9,377	5,705
Operating expenditure		
Direct cost of sales and consumables	552	7,335
Remuneration of auditors and its associates:		
Audit fees - Group	160	108
Audit fees - Overseas subsidiaries	89	90
Tax services - auditors	179	82
Tax services - other	-	33
Capital grants released and amortised	-	13
Other external charges	136,489	145,705
Employee costs (note 6)	457,145	433,198
Amortisation and impairment of player registrations	172,364	151,858
Amortisation of other intangible assets	152	524
Loss on disposal of property, plant and equipment	27	1,410
Loss on disposal of other intangible assets	1,651	-
Impairment of property, plant and equipment	-	5,167
Depreciation of tangible property, plant and equipment:		
Owned	14,046	16,803
Leased	2,248	2,075
	785,102	764,401

Other operating income consists of EPPP income, fair value adjustments on Group investments, and MLS and Soccer United Marketing ('SUM') distributions.

6 Employees

Employee benefits and average number

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

Average number of employees	2021	2020
Football staff – including players	591	537
Commercial/administration staff	689	692
	1,280	1,229

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	403,102	382,894
Social security costs	50,936	47,804
Other pension costs	3,107	2,500
	457,145	433,198

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:

	2021 £000	2020 £000
Salaries and other short-term benefits (including bonuses)	5,296	7,754
Post-employment benefits	34	49
	5,330	7,803

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

7 Finance income

	2021 £000	2020 £000
Bank interest	76	506
Foreign exchange on preference shares	38,671	-
Other	-	4,014
	38,747	4,520

8 Finance costs

	2021 £000	2020 £000
Bank loans and overdrafts	2,941	2,562
Interest expense on preference shares	5,791	7,110
Foreign exchange on preference shares	-	24,185
Unwinding of discount factor on unpaid MLS expansion fee and player transfer payables	17	126
Interest expense on leases	5,128	4,529
Other	149	-
	14,026	38,512

9 Business combinations during the year

L'Espérance sportive Troyes Aube Champagne acquisition

On 4 September 2020, the Group acquired 82.25% of L'Espérance sportive Troyes Aube Champagne, a French football club playing in Ligue 1. A consideration of €7.5m was paid for this acquisition. The principal activity of L'Espérance sportive Troyes Aube Champagne is a professional football club. The principal reason for this acquisition was to secure a club with significant future on and off-field potential, a place where footballers can develop in a competitive league and a club that will gain significant value over time.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration, and goodwill are as follows:

	Book value £000	Adjustment £000	Fair value £000
Intangible assets	463	-	463
Investments	41	-	41
Property, plant and equipment	364	-	364
Trade and other receivables	9,253	-	9,253
Cash and cash equivalents	2,912	-	2,912
Trade and other payables	(6,525)	-	(6,525)
Total net assets	6,508	-	6,508
82.25% of total net assets acquired			5,353
Total consideration paid in cash			6,655
Goodwill on initial acquisition			1,302

Since the acquisition date, L'Espérance sportive Troyes Aube Champagne has contributed £5.4m to Group revenues and £7.2m to Group losses. If the acquisition had occurred on 1 July 2020, Group revenue would have been £626.3m and the Group loss for the period would have been £50.9m.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

9 Business combinations during the year *(continued)*

City SoFive Soccer, Inc. acquisition

On 26 February 2021, the Group completed a transaction with SoFive, Inc ('SoFive'), whereby a new entity was formed, City SoFive Soccer, Inc. ('City SoFive'). Post-transaction, the Group holds 55% of City SoFive, with the remaining 45% being held by SoFive. Pre-transaction, City SoFive held the interests of SoFive. The consideration paid for the 55% stake in City SoFive was made up of a combination of cash and the net assets of Goals Soccer Centres, Inc., ('Goals') which was 100% owned by the Group prior to the transaction.

Management are confident that this combined entity, with four sites on the West coast and five sites on the East coast of the USA, will drive significant revenue growth in the recreational soccer market.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration, and goodwill are as follows:

	Book value £000	Adjustment £000	Fair value £000
Intangible assets	222	-	222
Property, plant and equipment	3,682	-	3,682
Trade and other receivables	731	-	731
Cash and cash equivalents	111	-	111
Trade and other payables	(3,732)	-	(3,732)
Total net assets	1,014	-	1,014
55% of total net assets acquired			558
Consideration paid as Goals net assets (45%)			4,639
Consideration paid in cash (45%)			1,327
Goodwill on initial acquisition			5,408

Since the acquisition date, City SoFive has contributed £1.9m to Group revenues and £0.9m to Group losses.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

10 Investment in joint ventures

Sichuan Ubtech

In 2018-19, the Group entered into a joint venture with Shenzhen Ubitech Technology ('Ubitech') and Jiaying Jianteng Peisheng Equity Investment (CMC) ('Jiaying'). A new company, Sichuan Ubtech City Sports Industry Development Company Limited ('Sichuan Ubtech'), was created and is jointly controlled by the Group with a 33% shareholding, Ubitech with a 37% shareholding and Jiaying with a 30% shareholding. The board has nine members, three from the Group, three from Ubitech and three from Jiaying.

Sichuan Ubtech owns 90% of Sichuan Jiuniu FC, a third tier Chinese football club.

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

Summarised Statement of Financial Position of Sichuan Ubtech	2021 £000
Net liabilities (100%)	(2,624)
Group's share of net assets (33%)	(866)
Capped share of joint venture losses	866
Capped Group's carrying amount of investment	-

Summarised Statement of Loss of Sichuan Ubtech	2021 £000
Revenue	1,257
Administration expenses	(14,466)
Loss for the year	(13,209)
Group's share of loss for the year (33%)	(4,359)
Capped share of joint venture losses	866
Capped Group's share of loss for the year (33%)	(3,493)

Sichuan Ubtech were in a negative net asset position at 30 June 2021 and there is no obligation for the Group to contribute towards the ongoing losses. Therefore, the Group's share of losses for the year is capped and the carrying amount of the investment is £nil.

Eastlands Arena Holdings Limited

On 11 May 2021 Eastlands Arena Holdings Limited was incorporated for the purposes of a co-investment to develop a landmark, world-class entertainment venue ("the Arena") at the Etihad Campus between the Group, OVG Manchester Limited and Erskine Records Limited. The Group acquired 4,889 (49%) ordinary B shares of £1.00 each with OVG Manchester Limited and Erskine Records Limited acquiring 4,888 ordinary A shares (49%) and 222 ordinary C shares respectively.

Eastlands Arena Holdings Limited is controlled jointly by the Group and OVG Manchester Limited with the board having six members in total, three from each of the two controlling parties. The Chairperson is rotated between the Group and OVG Manchester Limited every two years.

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

Summarised Statement of Financial Position of Eastlands Arena Holdings Limited	2021 £000
Net assets (100%)	17,918
Group's share of net assets (49%)	8,780
Group's carrying amount of investment	8,780

There was no operating activity in the year whilst significant capital expenditure was made to commence the construction of the arena. The targeted completion date for the project is late 2023.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

11 Income tax

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

	2021 £000	2020 £000
Current tax		
UK corporation tax at 19 % (2020: 19%) on losses for the year	-	-
Adjustments in respect of prior years	-	-
Foreign tax	61	412
Total current tax charge	61	412
Impact of change in future UK corporation tax rate	2,681	894
Total deferred tax charge	2,681	894
Total tax charge	2,742	1,306

(b) Factors affecting tax charge for the year:

The tax charge for the year varies from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before taxation	(50,200)	(204,037)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2020: 19%)	(9,538)	(38,767)
Tax effects of:		
Expenses not deductible for tax purposes	1,768	2,816
Fixed asset timing differences	1,380	3,035
Other permanent differences	586	511
Deferred tax not recognised	5,702	26,976
Income not taxable for tax purposes	(7,143)	(92)
Overseas losses not available for group relief	7,306	5,933
Remeasurement of deferred tax for changes in tax rates	2,681	894
Total tax charge for the period	2,742	1,306

The Group has corporation tax losses available for carry forward of approximately £744m (2020: £739m).

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:

	2021 £000	2020 £000
Arising on income and expenditure recognised in other comprehensive income		
Exchange gain on translation of overseas subsidiary before tax	(9,491)	195
Tax effect	1,515	(31)
Other comprehensive income after tax	(7,976)	164

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

12 Intangible assets

	Player registrations £000	Goodwill £000	Software and website development £000	Other £000	Total £000
Cost					
As at 1 July 2020	1,000,325	13,001	2,766	2,272	1,018,364
Arising on acquisition	458	-	-	199	657
Additions	225,240	6,710	-	27	231,977
Disposals	(198,344)	-	-	(1,653)	(199,997)
Exchange differences	(3,377)	-	115	(179)	(3,441)
As at 30 June 2021	1,024,302	19,711	2,881	666	1,047,560
Amortisation					
As at 1 July 2020	541,327	-	2,725	458	544,510
Charge in the period	153,690	-	56	96	153,842
Impairment	18,674	-	-	-	18,674
Disposals	(172,542)	-	(2)	-	(172,544)
Exchange differences	(1,217)	-	71	(100)	(1,246)
As at 30 June 2021	539,932	-	2,850	454	543,236
Net book value					
As at 30 June 2021	484,370	19,711	31	212	504,324
As at 30 June 2020	458,998	13,001	41	1,814	473,854

The goodwill carrying value is £19.7m (2020: £13.0m) with the increase in the year related to the acquisition of l'Espérance sportive Troyes Aube Champagne and the acquisition of City SoFive Soccer, Inc. More information on these business combinations can be found in note 9. The recoverable amount is estimated using the fair value less disposal costs method. Goodwill is allocated against the football clubs and other businesses in the Group. An estimated valuation has shown that, within a range of revenue multiples from 1 to 2, these would all show significant headroom. As such, no further consideration to any impairment of goodwill is required. This is a level 3 valuation and there has been no significant change to valuation methodology considerations during the year.

An impairment charge of £18.7m has been recognised based on an assessment of first team players that are not expected to be a member of the first team playing squad.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

13 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 July 2020	219,917	1,594	126,298	21,633	102,282	471,724
Arising on acquisition	3,148	-	-	-	728	3,876
Additions	1,011	-	-	23,154	7,625	31,790
Disposals	(895)	-	-	(20,901)	(135)	(21,931)
Reclassification	785	-	-	(1,380)	595	-
Exchange differences	(3,599)	-	5	(1,377)	(1,981)	(6,952)
As at 30 June 2021	220,367	1,594	126,303	21,129	109,114	478,507
Depreciation						
As at 1 July 2020	21,945	233	17,277	-	57,275	96,730
Charge for the period	4,121	21	1,800	-	8,104	14,046
Disposals	(895)	-	-	-	(2)	(897)
Exchange differences	(1,114)	-	4	-	(339)	(1,449)
As at 30 June 2021	24,057	254	19,081	-	65,038	108,430
Net book value						
As at 30 June 2021	196,310	1,340	107,222	21,129	44,076	370,077
As at 30 June 2020	197,972	1,361	109,021	21,633	45,007	374,994

Additions to assets under course of construction totalled £23.2m in the year with £10.0m related to the capitalisation of the New York stadium costs. The key judgements surrounding the capitalisation of these costs have been discussed in detail in note 3 to these financial statements.

Also included within the additions balance is £12.8m of costs related to the Arena discussed in note 10. This, along with the capital expenditure incurred in 2020, was disposed of during the year and reclassified into the Eastlands Arena Holdings Limited investment in joint venture balance.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

14 Right of use assets

	Land and buildings (freehold) £000	Land and Buildings (long leasehold) £000	Total £000
Cost			
As at 1 July 2020	3,653	99,267	102,920
Arising on acquisition	-	16,189	16,189
Additions	-	5,391	5,391
Exchange differences	(163)	(2,087)	(2,250)
As at 30 June 2021	3,490	118,760	122,250
Depreciation			
As at 1 July 2020	82	7,921	8,003
Charge for the period	63	2,185	2,248
Exchange differences	(1)	(108)	(109)
As at 30 June 2021	144	9,998	10,142
Net book value			
As at 30 June 2021	3,346	108,762	112,108
As at 30 June 2020	3,571	91,346	94,917

Leased assets

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. Previously the Etihad Stadium had been capitalised as a tangible fixed asset. In line with IFRS 16, it was reclassified as a right of use asset during the year. The lease premium and the net present value of future rental obligations have been capitalised.

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

Estadi Montilivi

In the 2018-19, Girona FC acquired a 50 year leasehold interest in the Estadi Montilivi. Rent is charged annually with payments made net of any investment made by Girona FC in the Estadi Montilivi. The lease premium and net present value of future rental obligations was capitalised on transition to IFRS 16 at 1 July 2019. In calculating the future obligations an interest rate of 4.5% has been applied.

New York office

The New York office asset and corresponding lease liability are recognised in the Statement of Financial Position. The lease commenced on 8 August 2014 and the lease term is just over 10 years and is due to expire on 31 December 2024. In calculating the future obligations an interest rate of 4.5% has been applied.

City SoFive

City SoFive operates four football sites on the West coast of the USA and five football sites on the East coast. The four West coast sites are leased over various terms ranging from 20 years to 35 years and were recognised under IFRS 16 in the prior year as they were previously consolidated as part of the Group. The five East coast sites were consolidated into the Group under IFRS 16 during the year and are also leased over various terms ranging from 10 years to 15 years. The lease premium and net present value of future rental obligations was capitalised in line with IFRS 16. In calculating the future obligations an interest rate of 4.5% has been applied.

City Football Group Limited

Notes to the Consolidated Financial Statements (continued)

14 Right of use assets (continued)

Melbourne training facility at Casey Fields

During the year, a new lease was entered into by Melbourne City Football Club for a new training facility at a multi-sports complex in Casey, near Melbourne. The lease term is 30 years and, in line with IFRS 16, the right of use asset and corresponding lease liability have been recognised in the Statement of Financial Position with the lease premium and net present value of future rental obligations being capitalised. In calculating the future obligations an interest rate of 4.5% has been applied.

15 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 along with the 19.9% minority stake in Yokohama F. Marinos Limited ('YfM'). The Group has assessed control and influence over YfM under IFRS and has concluded that the Group does not exert significant influence over YfM and it is therefore not accounted for as an associate but held in other investments.

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

During the year, the Company committed to a €2 million investment in the European Super League Company, SL. This was fully impaired during the year and therefore the net book value was £nil at 30 June 2021.

Other investments	£000
Cost/valuation	
As at 1 July 2020	155,197
Additions	6,800
Fair value adjustments	4,725
As at 30 June 2021	166,722
Change in market value	
As at 1 July 2020	6,568
Charge for the period	1,279
Impairment	1,716
As at 30 June 2021	9,563
Net book value	
As at 30 June 2021	157,159
As at 30 June 2020	148,629

16 Financial instruments

	2021 £000	2020 £000
Financial assets		
Fair value through other comprehensive income		
Other investments	139,634	139,634
Fair value through profit and loss		
Other investments	17,525	8,995
Other financial instruments at amortised cost		
Trade and other receivables excluding prepayments (note 17)	292,782	288,274
Cash and cash equivalents	119,568	132,149
Total	569,509	569,052
Financial liabilities		
Other financial instruments at amortised cost		
Trade and other payables excluding social security and other taxes (note 18)	376,561	733,159
Total	376,561	733,159

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

17 Trade and other receivables

	2021 £000	2020 £000
Trade receivables	198,433	168,181
Receivables arising from player transfers	39,615	69,023
Receivables from related party undertakings (note 27)	11,170	41,346
Loans receivable from related party undertakings (note 27)	28,740	-
Other receivables	1,340	2,062
Accrued income	13,484	7,662
Total trade receivables	292,782	288,274
Prepayments	15,065	13,502
Total trade and other receivables	307,847	301,776
Less non-current amount		
Receivables arising from player transfers	7,203	14,310
Other receivables	-	160
Non-current trade and other receivables	7,203	14,470
Current trade and other receivables	300,644	287,306

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:

	Total £000	Neither past due nor impaired £000	Past due but not impaired				
			<30 days £000	30-60 days £000	61-90 days £000	91-120 days £000	>120 days £000
30 June 2021	238,048	95,887	119,130	3,933	502	668	17,929
30 June 2020	237,204	229,728	100	506	607	83	6,180

As at 30 June 2021, trade receivables of an initial value of £15.9m (2020: £9.6m) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables.

	Individually impaired £000	Collectively impaired £000	Total £000
As at 1 July 2020	(9,659)	-	(9,659)
Charge for the period	(7,434)	-	(7,434)
Utilised	-	-	-
Unused amounts reversed	1,137	-	1,137
As at 30 June 2021	(15,956)	-	(15,956)

Disclosures and further information on the Group's assessment of credit risk is outlined in note 26.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

18 Trade and other payables

	2021 £000	2020 £000
Other loans	40,881	10
Preference shares	-	407,995
Obligations under leases (note 19)	95,745	77,303
Trade payables	31,338	16,868
Payables arising from player transfers	114,171	77,104
Payables to related party undertakings	-	4,499
Other payables	221	-
Accruals	94,205	149,380
Total trade payables	376,561	733,159
Other taxation and social security	59,621	13,049
Total trade and other payables	436,182	746,208
Less non-current amount		
Preference shares	-	407,995
Obligations under leases (note 19)	90,837	76,270
Payables arising from player transfers	48,509	12,848
Accruals	4,688	-
Non-current trade and other payables	144,034	497,113
Current trade and other payables	292,148	249,095

The prior year shows a preference share liability of £408.0m. On 31 December 2020, the shareholders' agreement was amended and the balance was converted to equity, in order to better reflect the intention of the investment. Details of this transaction can be found in note 3 of these Group accounts.

19 Leases

Maturity of obligations under leases:	2021 £000	2020 £000
Within one year	4,908	1,033
Between one and two years	2,881	1,247
Between two and five years	8,605	3,772
After more than five years	79,351	71,251
	95,745	77,303

Leases

Obligations under leases include future obligations under the lease of the Etihad Stadium, the Estadi Montilivi, the New York office, City SoFive, and the lease for a new Melbourne training facility. Details are provided within note 14.

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

	2021 £000	2020 £000
Within one year	9,156	4,657
In the second to fifth year	27,199	18,933
Over five years	160,686	154,129
Less future finance charges	(101,296)	(100,416)
	95,745	77,303

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

20 Deferred income

	2021 £000	2020 £000
Deferred income	204,744	177,751
Current deferred income	204,744	177,751

21 Deferred tax liabilities

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

	Property revaluation £000
At 1 July 2020	25,785
Charged to the Income Statement	2,681
Charged to the Statement of Comprehensive Income	-
As at 30 June 2021	28,466

The Group has charged to the Income Statement an additional deferred tax charge of £2.7m as the remeasurement of deferred tax on the Etihad Stadium due to a change in the applicable tax rate from 19% to 25%.

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:

	2021 £000	2020 £000
Deferred tax liabilities	28,466	25,785

On 3 March 2021, the UK Government announced that the UK corporation tax rate would increase from 1 April 2023 from 19% to 25%. This was substantively enacted on 11 March 2021. The Group has not recognised a deferred tax asset of £219.2m (2020: £168.7m) 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.

22 Share capital

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

	2021 £000	2020 £000
Issued, fully paid and called up		
534,578,702 (2020: 534,578,702) Ordinary shares of £1 each – fully paid	534,579	534,579
62,160,314 (2020: nil) Preference shares of £1 each – fully paid	62,160	-
Share capital	596,739	534,579

The increase in called up share capital relates to the Silver Lake investment which is discussed in detail in note 3 to these financial statements.

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

23 Pensions

Defined benefit scheme

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

The last actuarial valuation was carried out at 31 August 2020 where the total deficit on the ongoing valuation basis was £27.6m.

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 £76,997 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 30 June 2027.

As at 30 June 2021, the present value of the Club's outstanding contributions (i.e. their future liability) is £299,058. This amounts to £75,859 (2020: £72,246) due within one year and £223,199 (2020: £211,505) 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 2020), 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 £3,107,000 (2020: £2,500,000). As at 30 June 2021, contributions of £868,000 (2020: £609,000) due to the pension scheme were unpaid and recorded in current liabilities.

City Football Group Limited

Notes to the Consolidated Financial Statements (continued)

24 Commitments

Rental commitments

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

	2021 £000	2020 £000
Expiring:		
Within one year	331	403
Within two and five years	242	319
After five years	-	-
	573	722

Capital commitments

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

	2021 £000	2020 £000
Contracted but not provided for	580	1,117

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

Transfer fees payable

Additional transfer fees, signing on fees and loyalty bonuses of £228.0m (2020: £158.2m) that will become payable upon the achievement of certain conditions contained within player and transfer contracts if they are still in the service of Manchester City Football Club on specific future dates are accounted for in the year in which management assess, on a player by player basis, when the specific performance terms are met, resulting in the payment of contingent consideration.

Other commitments

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

The Group acknowledge an ongoing Premier League investigation linked to the speculation resulting from the illegal hacking and out of context publication of Group emails.

The Group has committed to invest £4.8m (2020: £9.5m) into venture capital funds as well as an additional £8.9m in the Eastlands Arena Holdings Limited joint venture.

25 Note supporting Statement of Cash Flows

	Non-current loans and borrowings £000	Current loans and borrowings £000	Total £000
At 1 July 2020	(484,265)	(1,033)	(485,298)
Cash flows	-	(39,848)	(39,848)
Non-cash flows:			
Interest and foreign exchange on preference shares	32,880	-	32,880
Conversion of preference shares from debt to equity	376,866	-	376,866
Revaluation of preference shares issued	(1,585)	-	(1,585)
New leases	(15,766)	(3,875)	(19,641)
Lease liability classification	1,033	(1,033)	-
At 30 June 2021	(90,837)	(45,789)	(136,626)

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

25 Note supporting Statement of Cash Flows *(continued)*

	Non-current loans and borrowings £000	Current loans and borrowings £000	Total £000
At 1 July 2019	(68,761)	(423)	(69,184)
Cash flows	(376,700)	403	(376,297)
Non-cash flows:			
Interest and foreign exchange on preference shares	(31,295)	-	(31,295)
New leases	(7,932)	(590)	(8,522)
Lease liability classification	423	(423)	-
At 30 June 2020	(484,265)	(1,033)	(485,298)

26 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 UCL is a significant portion of broadcasting revenue.

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

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

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

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

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

Foreign currency sensitivity

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

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

26 Financial risk management *(continued)*

Euro

	Change in GBP:EUR rate	Effect on loss before tax	Effect on equity
		£000	£000
Year ended 30 June 2021	EUR strengthen 10%	6,824	-
	EUR weaken 10%	(5,583)	-
Year ended 30 June 2020	EUR strengthen 10%	1,018	-
	EUR weaken 10%	(833)	-

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

US dollar

	Change in GBP:USD rate	Effect on loss before tax	Effect on equity
		£000	£000
Year ended 30 June 2021	USD strengthen 10%	(1,079)	2,027
	USD weaken 10%	883	(1,854)
Year ended 30 June 2020	USD strengthen 10%	(1,937)	73
	USD weaken 10%	1,585	(99)

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 £64.7m (2020: £65.2m). The Group is not exposed to floating rate interest risk as it holds no floating rate financial liabilities.

Interest rate sensitivity

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

Credit risk

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

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

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

City Football Group Limited

Notes to the Consolidated Financial Statements (continued)

26 Financial risk management (continued)

Credit risk (continued)

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

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

Liquidity risk

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

Borrowing facilities entered into after the year end have been discussed in note 28.

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	39,763	109,332	80,252	10,607	239,954
Other loans	-	-	39,992	889	40,881
Lease obligations	-	4,908	11,486	79,351	95,745
As at 30 June 2021	39,764	114,240	131,730	90,847	376,580

	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	190,254	920	51,330	5,348	247,852
Lease obligations	-	-	-	408,005	408,005
Financial derivatives cash outflow	-	1,033	5,020	71,250	77,303
As at 30 June 2020	190,254	1,953	56,350	484,603	733,160

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

City Football Group Limited

Notes to the Consolidated Financial Statements *(continued)*

26 Financial risk management *(continued)*

	2021 £000	2020 £000
Financial assets		
Fair value through other comprehensive income	139,634	139,634
Fair value through profit and loss	17,525	8,995
	157,159	148,629

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.

27 Related party transactions

The Group is 75.1% owned by its ultimate parent undertaking Abu Dhabi United Group Investment and Development Limited, a company registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan. The remaining 24.9% is owned by China Media Capital Football Holdings Limited (12.4%), SLA CM Marcus Holdings, L.P. (10.4%), and Vega FZ, LLC (2.1%).

From 25 July 2021, the Group's ultimate parent undertaking changed from Abu Dhabi United Group Investment and Development Ltd to Newton Investment and Development LLC, a company also registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan.

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

Loans to joint ventures

In the year, the Group provided loans to joint ventures. As of 30 June 2021, the loan receivable from Eastlands Arena Holdings Limited was £26.3m and the loan receivable from Sichuan Jiuniu Football Club, Inc. was £2.4m.

28 Events after the reporting date

Since the year end the Group has entered into agreements to acquire the football registrations of Jack Grealish (from Aston Villa), Kayky Da Silva Chagas (from Fluminense), and Scott Carson (from Derby County). The football registrations of Jack Harrison (to Leeds United), Ivan Ilic (to Hellas Verona), and Lukas Nmecha (to VfL Wolfsburg) have been sold. The net expenditure on these transactions was approximately £79.8m.

In July 2021, the Group completed a \$650m term loan and secured a £80m revolving credit facility, which further strengthens the working capital of the Group. Both facilities are not due for repayment until June 2028.

City Football Group Limited

Company Balance Sheet

Registered number: 08355862

As at 30 June 2021

	Note	2021 £000	2020 £000
Non-current assets			
Intangible assets	5	-	-
Property, plant and equipment	6	3,002	2,803
Investments	7	878,655	787,475
		881,657	790,278
Current assets			
Receivables: amounts falling due within one year	8	111,198	125,329
Cash at bank and in hand		36,953	103,003
		148,151	228,332
Current Liabilities			
Payables: due within one year	9	(113,405)	(431,827)
Deferred income: due within one year	10	(5,932)	(6,715)
Net current assets/(liabilities)		28,814	(210,210)
Net assets		910,471	580,068
Equity			
Called up share capital	11	596,739	534,579
Share premium account		793,810	479,104
Profit and loss account		(480,078)	(433,615)
Total equity		910,471	580,068

The loss dealt with in the financial statements of the Parent Company is £44.9m (2020: £204.0m).

The notes on pages 50 to 55 form part of these financial statements.

These financial statements were approved by the Board of Directors on

and were signed on its behalf by:

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 July 2019	534,579	479,104	(229,664)	784,019
Loss for the year	-	-	(203,951)	(203,951)
As at 30 June 2020	534,579	479,104	(433,615)	580,068
Loss for the year	-	-	(44,878)	(44,878)
Issue of share capital	62,160	314,706	-	376,866
Revaluation of shares issued	-	-	(1,585)	(1,585)
As at 30 June 2021	596,739	793,810	(480,078)	910,471

The total comprehensive loss for the period is £44.9m (2020: £204.0m).

The notes on pages 50 to 55 form part of these financial statements.

City Football Group Limited

Notes to the Company Financial Statements

1 General information

The Parent Company financial statements of City Football Group Limited (the 'Company') for the year ended 30 June 2021 were authorised for issue by the Board of Directors and the Balance Sheet was signed on the Board's behalf by J MacBeath on 5 November 2021. 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 City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ.

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

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

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

2 Significant accounting policies

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

Investments

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

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

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

Basis of preparation

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

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

- The requirements of paragraph 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 (R) Business combinations;
- The requirement of IFRS 7 Financial instruments: disclosures;
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair value measurement;
- The requirements of IAS 7 Statement of cash flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors;
- The requirements of paragraph 17 and 18A of IAS 24 Related party disclosures;
- The requirement in paragraph 38 of IAS 1 Presentation of financial statements to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, plant and equipment; (iii) paragraph 118(e) of IAS 38 Intangible assets;
- 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; and
- The requirements of paragraphs 130(fii), 130(fiii), 134(d)-(f) and 135(c)-(e) of IAS 36 Impairment of assets.

City Football Group Limited

Notes to the Company Financial Statements *(continued)*

3 Significant accounting judgments, estimates and assumptions

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

- Goodwill and other intangible assets
- Financial instruments

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

4 Loss attributable to the members of the Parent Company

The loss dealt with in the financial statements of the Parent Company is £44.9m (2020: £204.0m).

5 Intangible fixed assets

	Software & website development £000	Total £000
Cost		
As at 1 July 2020	318	318
As at 30 June 2021	318	318
Amortisation		
As at 1 July 2020	318	318
As at 30 June 2021	318	318
Net book value		
As at 30 June 2021	-	-
As at 30 June 2020	-	-

6 Property, plant and equipment

	Assets under the course of construction £000	Fixtures, fittings & equipment £000	Total £000
Cost			
As at 1 July 2020	73	6,117	6,190
Additions	733	643	1,376
Impairments	(16)	-	(16)
Reclassification	(28)	28	-
As at 30 June 2021	762	6,788	7,550
Depreciation			
As at 1 July 2020	-	3,387	3,387
Charge for the year	-	1,161	1,161
As at 30 June 2021	-	4,548	4,548
Net book value			
As at 30 June 2021	762	2,240	3,002
As at 30 June 2020	73	2,730	2,803

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 July 2020	1,125,400	9,494	1,134,894
Additions	134,170	1,429	1,429
As at 30 June 2021	1,259,570	10,923	1,270,493
Provisions for impairment			
As at 1 July 2020	340,851	6,568	347,419
Charge for the year	43,140	1,279	44,419
As at 30 June 2021	383,991	7,847	391,838
Net book value			
As at 30 June 2021	875,579	3,076	878,655
As at 30 June 2020	784,549	2,926	787,475

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%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
City Football Services Limited	Sporting services	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
Manchester City Women's Football Club Limited	Professional football club	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
Manchester City Football Club Limited*	Professional football club	England	100%	Etihad Stadium, Etihad Campus, Manchester, M11 3FF
Manchester City Investments Limited *	Issuer of loan notes	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
City Football Image Rights Limited	Management of image rights	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
City Football U.K. Holdings Limited	Intermediate holding company	England	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
City Football Group USA LLC	Intermediate holding company	United States	100%	600 Third Avenue, 30th Floor New York, NY 10016
CFG Stadium Group, LCC*	Stadium operations	United States	100%	600 Third Avenue, 30th Floor New York, NY 10016
City Football Group US Holdco, LCC*	Intermediate holding company	United States	80%	600 Third Avenue, 30th Floor New York, NY 10016
New York City Football Club LCC*	Professional football club	United States	80%	600 Third Avenue, 30th Floor New York, NY 10016
MHFC Holdings Pty Limited	Intermediate holding company	Australia	100%	2 Crissane Road, Bundoora, VIC3083
Melbourne City Football Club Pty Limited*	Professional football club	Australia	100%	2 Crissane Road, Bundoora, VIC3083
City Football Middle East FZ LLC	Commercial, marketing and sporting services	UAE	100%	TwoFour54 Rotana Complex, Khalifa Park, Office 507-C, PO Box 769321, Abu Dhabi
City Football Japan KK	Commercial, marketing and sporting services	Japan	100%	Hibiya Central Building, 14 th Floor, 1-2-9 Nishi Shinbashi, Minato-Ku, Tokyo, 105-0003
City Football Singapore Pte Limited	Commercial, marketing and sporting services	Singapore	100%	1 Georg Street, #15-01, Singapore 049 145
Terenti SAD (Montevideo City Torque)	Intermediate holding company	Uruguay	100%	11100 Montevideo, Uruguay, Colonia 810, suite 4013
Girona Futbol Club SAD	Professional football club	Spain	47.8%	Avinguda de Montilivi, 141, 17003 Girona, Spain

* denotes indirect investments

City Football Group Limited

Notes to the Company Financial Statements (continued)

7 Fixed asset investments (continued)

Subsidiary undertakings	Principle activities	Country of incorporation and operation	Proportion of voting rights and share capital held	Registered address
City Football India Private Limited*	Commercial, marketing and sporting services	India	100%	#1302, Tower-3, Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone Road (W), Mumbai, Maharashtra, India, 400013
City Football Club (Shenzhen) Co Ltd	Commercial, marketing and sporting services	China	100%	Number 105 Sports Center Gymnasium North Bao'an district, Yu'an Road, Xin'an Street, Bao'an district, Shenzhen, Guangdong Province
Goals City US Limited*	Commercial marketing services for the Goals brand	Scotland	100%	Exchange Tower, Canning Street, Edinburgh, Scotland, EH3 8EH
Lommel SK	Professional football club	Belgium	99.96%	Speelpleinstraat N°: 20, 3920, Lommel, Belgium
l'Espérance sportive Troyes Aube Champagne	Professional football club	France	82.25%	126 avenue Robert Schumann, 10000 Troyes, France
City SoFive Soccer, Inc*	Operation of soccer centres on East and West coast of United States	United States	55%	1209 Orange Street, Delaware 19801, County of New Castle

* denotes indirect investments.

8 Trade and other receivables

	2021 £000	2020 £000
Trade receivables	11,711	11,709
Amounts owed by group undertakings (note 13)	85,161	61,884
Amounts owed by related party undertakings (note 13)	11,218	47,581
Other taxation and social security	-	1,395
Prepayments and other receivables	3,108	2,760
	111,198	125,329

All of the above receivables are due within one year. Amounts owed by group undertakings are primarily recharges for central services and other head office costs to other subsidiaries within the City Football Group ('the Group') as well as funding through intercompany loans. These balances are due within one year and no interest is charged on the outstanding amounts.

9 Trade and other payables

	2021 £000	2020 £000
Preference shares	-	407,995
Other loans	39,992	-
Trade payables	4,078	1,416
Amounts owed to group undertakings (note 13)	44,798	7,448
Amounts owed to related party undertakings (note 13)	-	295
Other payables	221	-
Accruals	17,204	14,673
Other taxation and social security	7,112	-
	113,405	431,827

All of the above payables are due within one year. Amounts owed to group undertakings are primarily balances owed to Manchester City Football Club Limited by the Company. These balances are due within one year and no interest is charged on the outstanding amounts.

The prior year shows a preference share liability of £408.0m. On 31 December 2020, the shareholders' agreement was amended and the balance was converted to equity, in order to better reflect the intention of the investment. Details of this transaction can be found in note 3 of these Group accounts.

10 Deferred income

	2021 £000	2020 £000
Deferred income	5,932	6,715

City Football Group Limited

Notes to the Company Financial Statements *(continued)*

11 Called up share capital

	2021 £000	2020 £000
Issued, fully paid and called up		
534,578,708 (2020: 534,578,708) Ordinary shares of £1 each - fully paid	534,579	534,579
62,160,314 (2020: nil) Preference shares of £1 each - fully paid	62,160	-
	596,739	-

12 Deferred tax

On 3 March 2021, the UK Government announced that the UK corporation tax rate would increase from 1 April 2023 from 19% to 25%. This was substantively enacted on 11 March 2021. The Company has not recognised a deferred tax asset of £17.3m (2020: £13.2m) 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. Note 21 of the Group financial statements provides further information on future UK corporation tax rates.

13 Related party transactions

City Football Group Limited is a company incorporated in England and Wales. The Company is 75.1% owned by its ultimate parent undertaking Abu Dhabi United Group Investment and Development Limited, a company registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan. The remaining 25% is owned by China Media Capital Football Holdings Limited (12.4%), SLA CM Marcus Holdings, L.P. (10.4%), and Vega FZ, LLC (2.1%).

The following transactions were carried out with related parties:

Transactions with parent undertakings

A balance receivable from Abu Dhabi United Group Investment and Development Ltd of £5,085,000 (2020: £41,350,000) was included in receivables within one year. This is due to expenses incurred by City Football Group Limited on behalf of Abu Dhabi Group Investment and Development Limited with the movement in the receivable balance being the amount recharged in the year.

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

Transactions during the year ended 30 June 2021 with New York City Football Club LLC consisted of the provision of services of £686,000 (2020: £829,000), the purchase of services of £106,000 (2020: £179,000) and the provision of cash loans. A balance of £6,128,000 is included in receivables due within one year (2020: £4,889,000).

Transactions during the year ended 30 June 2021 with Girona Futbol Club SAD consisted of the purchase of services of £260,000 (2020: £300,000) and the provision of cash loans. A balance of £963,000 is included in receivables due within one year (2020: £962,000).

Transactions with Brookshaw Developments Limited

The Company provided loans to Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment and Development Ltd, and a balance of £6,126,000 (2020: £6,231,000) is included in receivables due within one year.

Transactions with Manchester Life Development Company Limited

Transactions during the year ended 30 June 2021 with Manchester Life Development Company Limited consisted of the provision of services of £42,000 (2020: £57,000). A balance of £nil (2020: £10,445) is included in receivables due within one year.

Purchases of goods or services from other related parties

J MacBeath was a director of the Group throughout the year. Fees for services of £534 (2020: £4,263) were incurred during the period, in the ordinary course of business, to J 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.

City Football Group Limited

Notes to the Company Financial Statements *(continued)*

14 Auditor remuneration

The Company paid £58,000 (2020: £43,000) 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.