Manchester City Football Club Limited

Directors' Report and Financial Statements

For the year ended 30 June 2018

Registered number 0040946

Contents

Manchester City Football Club Limited

Directors and Advisors

Directors

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

Company Secretary

S Cliff

Registered Office

Etihad Stadium, Etihad Campus, Manchester M11 3FF

Bankers

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

Auditors

BDO LLP, 3 Hardman Street, Manchester M3 3AT

Directors and Advisors *(continued)*

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

Khaldoon Al Mubarak, Chairman

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

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

Martin Edelman, Member of the Board

Martin Edelman was appointed to the Board in September 2008. He is also Vice Chairman of New York City FC.

Since June 2000, he has been Of Counsel to Paul Hastings 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 Motorsport Management, operator of Yas Marina Circuit and home of the F1 Etihad Airways Abu Dhabi Grand Prix, and a Board Member of Manchester Life Development Company.

Mohamed Al Mazrouei, Member of the Board

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

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

John MacBeath, Member of the Board

John MacBeath was appointed to the Board in January 2010. He also served as Interim Chief Executive Officer of Manchester City FC from September 2011 to September 2012.

John MacBeath is a Chartered Accountant with extensive international business experience in the oil & gas and aerospace industrial sectors.

Alberto Galassi, Member of the Board

Alberto Galassi was appointed to the Board in June 2012.

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

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 Sports Council, Abu Dhabi Media Zone Authority, and Miral Asset Management.

Since 2008 Abdulla has been the Executive Director of Government Affairs for the Executive Affairs Authority of Abu Dhabi.

Manchester City Football Club Limited

Strategic Report

The Directors present their annual report on the affairs of Manchester City Football Club Limited ('Manchester City' or 'the Club'), together with the financial statements and Auditors' report, for the year ended 30 June 2018. The prior period results show a longer accounting period due to the Directors' decision to change the year end in line with that of City Football Group ('the Group') therefore the results are not entirely comparable to the current year, being a 12 month financial year, in comparison to the prior 13 month period.

Principal activities

The principal activity is the operation of a professional football club.

Business review and key performance indicators

Manchester City's record-breaking season on the pitch was reflected in this year's financial report, with record revenues in excess of £0.5 billion for the first time and a fourth consecutive year as a profitable company.

During this year, the tenth since His Highness Sheikh Mansour's acquisition of the Club in 2008, the men's team won the Premier League in style, breaking more than 25 records including most goals scored and most games won, as well as being the first top-flight team in football league history to reach 100 points (even after adjusting for three points for a win in earlier years). The team also celebrated a League Cup win and progressed to the quarter finals of the UEFA Champions League ('UCL'), having qualified for the eighth consecutive season.

Profits for 2017-18 are recorded at £10.4m *(2017: £1.1m)*, returning to the expected level of profitability following last year's year end change. That change resulted in the one-off reporting of 13 month figures which added an extra month of cost with minimal revenues.

The Club's revenues for the year are recorded at £500.5m, 6% higher than the previous year, and representing the tenth consecutive year of revenue growth under the ownership of Abu Dhabi United Group. Commercial revenue grew by 7% and was a significant driver of overall growth.

Broadcast revenue is reported at £211.5m, an increase of 4%, resulting primarily from an improved Champions League performance and the Premier League win.

With an extended Champions League and League Cup campaign, more home games drove the increase in matchday revenue, with average attendance at the 19 Premier League home games at a record 54,073 in the Etihad Stadium.

The Club has net assets of more than £746m and remains committed to controlling wage costs. Wage/revenue ratio sits at a healthy 52%, an improvement of four percentage points from the previous season. *(2016-17: 56%)*.

The Club also measures key performance against the following indicators:

Key performance indicator	**2017/18**	**2016/17**
First team performance – Premier League finishing position	1st place	3rd place
First team performance – UEFA Champions League	Quarter final	Round of 16
Employee costs/revenue	52%	56%
Average league home attendance	54,073	54,019
Commercial revenue growth	7%*	23%
Profit on disposal of players' registrations	£39.1m	£34.6m

*Commercial revenue growth despite the prior year being an extended 13 month period due to the year end change.

Risks and uncertainties

The Board acknowledges that there are a number of risks and uncertainties which could have a material impact on the Club's performance. The Club's income is affected by the performance of the first team because significant revenues are dependent upon strong team performances in the Premier League, domestic and European Cup competitions. The Club is regulated by the rules of the FA, Premier League, UEFA and FIFA and any change to these regulations could have an impact as the regulations cover areas such as: the distribution of broadcasting income, the eligibility of players and the operation of the transfer market. The Club monitors its compliance with all applicable rules and regulations on a continuous basis and considers the impact of any potential changes.

Future developments

Manchester City will continually aim to be profitable in combination with on-pitch success primarily in the Premier League and Champions League.

By order of the Board

JMacBeath

J MacBeath
Director
10 September 2018

Manchester City Football Club Limited

Directors' Report

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

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

The prior period results show a longer accounting period due to the Directors' decision to change the year end in line with that of City Football Group ('the Group') therefore the results are not entirely comparable to the current year, being a 12 month financial year, in comparison to the prior 13 month period.

Result for the year

The profit for the financial year was £10,438,000 (*2017:* £1,088,000). The Directors do not propose a dividend (*2017: £nil*).

Political and charitable contributions

The Company made no political contributions. Donations to UK charities amounted to £3,288,289 (*2017:* £4,607,448). This amount includes £3.0m supporting Premier League youth and community development.

Employee involvement

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

Disabled employees

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.

Future developments

Future developments are discussed in the Strategic Report.

Manchester City Football Club Limited

Statement of Directors' Responsibilities

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Company and of the profit or loss of the 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 UK Accounting Standards 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 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 Company's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

By order of the Board

JMacBeath

J MacBeath
Director
10 September 2018

Independent Auditors' Report to the Members of Manchester City Football Club Limited

Opinion

We have audited the financial statements of Manchester City Football Club Limited ('the Company') for the year ended 30 June 2018 which comprise the profit and loss account, the balance sheet, the 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 their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

BDO LLP.

Stuart Wood (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom

12 September 2018

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

Manchester City Football Club Limited

Profit and Loss Account
for the year ended 30 June 2018

	Note	Operations excluding player trading year ended 30 June 2018 £000	Player trading year ended 30 June 2018 £000	Total year ended 30 June 2018 £000	Total 13 month period ended 30 June 2017 £000
Turnover	4	500,456	-	**500,456**	473,375
Other operating income	5	3,035	-	**3,035**	2,450
Operating expenses	5	(391,370)	(134,284)	**(525,654)**	(506,004)
Operating profit/(loss)		112,121	(134,284)	**(22,163)**	(30,179)
Profit on disposal of players' registrations		-	39,057	**39,057**	34,563
Profit/(loss) before interest and taxation		112,121	(95,227)	**16,894**	4,384
Interest receivable and similar income	8	555	-	**555**	2,091
Interest payable and similar charges	9	(2,464)	-	**(2,464)**	(1,676)
Stadium finance lease charges		(4,547)	-	**(4,547)**	(4,695)
Profit/(loss) on ordinary activities before taxation		105,665	(95,227)	**10,438**	104
Taxation	10	-	-	**-**	984
Profit/(loss) on ordinary activities after taxation		105,665	(95,227)	**10,438**	1,088

The results for the period are from continuing operations. The Company does not have any other comprehensive income.

The notes on pages 14 to 35 form part of these financial statements.

Manchester City Football Club Limited

Balance Sheet

Registered number 0040946

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	11	**489,307**	335,468
Tangible assets	12	**410,744**	412,570
Investments	13	**-**	-
		900,051	748,038
Current assets			
Debtors - amounts falling due within one year	14	**251,844**	270,687
Debtors - amounts falling due after more than one year	14	**26,915**	23,351
Cash at bank and in hand		**27,855**	18,706
		306,614	312,744
Creditors			
Derivative financial instruments		**(126)**	-
Creditors – due within one year	15	**(211,058)**	(161,103)
Deferred income – due within one year	18	**(137,342)**	(133,304)
Net current (liabilities)/assets		**(41,912)**	18,337
Total assets less current liabilities		**858,139**	766,375
Creditors - due after more than one year	16	**(103,901)**	(80,575)
Deferred tax liabilities	19	**(7,596)**	(7,596)
Net assets		**746,642**	678,204
Capital and reserves			
Called up share capital	20	**1,316,346**	1,258,346
Share premium account		**45,008**	45,008
Profit and loss account		**(614,712)**	(625,150)
Shareholders' funds		**746,642**	678,204

The notes on pages 14 to 35 form part of these financial statements.

These financial statements were approved by the Board of Directors on 10 September 2018 and were signed on its behalf by:

JMacBeath

J MacBeath
Director

Manchester City Football Club Limited

Statement of Changes in Equity

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
As at 1 June 2016	1,258,346	45,008	(626,238)	677,116
Profit for the year	-	-	1,088	1,088
As at 30 June 2017	1,258,346	45,008	(625,150)	678,204
Shares issued in the year	58,000	-	-	58,000
Profit for the year	-	-	10,438	10,438
As at 30 June 2018	**1,316,346**	**45,008**	**(614,712)**	**746,642**

The notes on pages 14 to 35 form part of these financial statements.

Notes to the Financial Statements

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

The financial statements of Manchester City Football Club Limited (the 'Company') for the year ended 30 June 2018 were authorised for issue by the Board of Directors and the balance sheet was signed on the Board's behalf by J MacBeath. Manchester City Football Club 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 Etihad Stadium, Etihad Campus, Manchester M11 3FF. The principal activity of the Company are discussed in the Strategic Report.

These financial statements were prepared in accordance with Financial Reporting Standard ('FRS') 101 under the historical cost convention and 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 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 Financial Reporting Council ('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.

Management has elected to carry the Etihad Stadium at cost under International Financial Reporting Standards ('IFRS').

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

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

The requirement of IFRS 7 Financial instruments: disclosures.

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

The requirements of IAS 7 Statement of cash flows.

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2. Significant accounting policies *(continued)*

Going Concern

Manchester City Football Club Limited is reliant on its ultimate parent undertaking, Abu Dhabi United Group Investment and Development Ltd ('ADUG'), for its continued financial support. It has received written confirmation from ADUG that sufficient funds will be provided to finance the business for at least 12 months from the date of approval of the financial statements. Notwithstanding the net current liability position and forecast funding requirements, based on discussions with ADUG, their formal confirmation of support, and historical evidence of support provided of more than £1.3 billion over the last 10 years, the Directors continue to adopt the going concern basis in preparing the financial statements.

Based on the above the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 July 2017 and adopted by the Company

Annual improvements 2014-17 and 2015-18 cycles are a collection of amendments to standards as part of the International Accounting Standards Board ('IASB') programme of annual improvements. The standards impacted are listed below:

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

New and amended standards and interpretations adopted early

No standards have been adopted early by the Company.

New and amended standards and interpretations issued but not yet effective

Amendments to IFRS 2 Share-based payment
Amendments to IFRS 17 Insurance contracts
Amendments to IFRS 15 Revenue from contracts with customers
Amendments to IFRS 16 Leases
Amendments to IFRIC 22 Foreign currency transactions

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Company's profit and loss account, net assets or equity. Adoption may affect the disclosures in the Company's financial statements.

Amendments to IFRS 9 Financial instruments

The Directors are currently in the process of considering the impact of IFRS 9 Financial Instruments.

Basis of consolidation

The financial statements contain information about Manchester City Football Club Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of City Football Group Limited, a company registered in England and Wales.

Foreign currency translation

The Company's financial statements are presented in pounds sterling, which is also the Company's functional currency, which is the currency of the primary economic environment in which the entity operates.

2. Significant accounting policies *(continued)*

Transactions and balances *(continued)*

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 profit and loss account. 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 profit and loss account is also recognised in other comprehensive income or the profit and loss account respectively).

Turnover

Turnover represents the fair value of considerations received or receivable from the Company's principal activities, excluding VAT, other sales taxes and transfer fees. The Company's principal revenue streams are matchday income, TV broadcasting income, commercial activities relating to the Company and donations. The Company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when specific criteria have been met for the principal activities described below.

Matchday

Matchday revenue is based on men's football matches played by the Club throughout the year. Revenue from each match is recognised only after each match is played throughout the year.

Matchday revenue includes revenue generated from the following competitions:

Manchester City Football Club domestic and European matchday activities played at the Etihad Stadium in Manchester, together with the Company's share of gate receipts from domestic cup matches not played at the Etihad Stadium and revenue generated from pre-season tours. The share of gate receipts payable to the opposition club and competition organiser for domestic cup matches held at the Etihad Stadium is recognised as an operating expense once the match has been played.

Matchday turnover 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 turnover mainly relates to seasonal facilities at the Etihad Stadium.

TV broadcasting

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

Turnover from the Premier League in respect of TV broadcasting for each football season is recognised in the corresponding financial year. The fixed element of turnover 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 UEFA Champions League include market pool payments recognised over the matches played and fixed amounts for participation in individual matches recognised when matches are played. Distributions relating to team performance are recognised only when the outcome is certain.

2. Significant accounting policies *(continued)*

Other commercial

Other commercial revenue includes revenue derived from the Manchester City brand through partnership and other commercial contracts. Turnover from related activities such as concerts, conferences and events is recognised following the completion of the event.

Turnover receivable in advance of the event is deferred until its completion when it is released to turnover. Turnover receivable in relation to partnership contracts over and above the minimum guaranteed revenue within the contract is taken to revenue when a reliable estimate of the future performance of the contract can be obtained and it is probable that the amounts will not be refunded to the partner in future years. Turnover is recognised over the term of the contract in line with the partnership benefits enjoyed by each partner.

Other operating income

Income from the Elite Player Performance Plan ('EPPP') being a youth development scheme initiated by the Premier League is recognised in the financial year for the season to which it relates. It also includes contributions from FIFA in relation to player participation in the FIFA world cup.

Accrued and deferred income

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

Turnover relating to matchday, TV broadcasting and other commercial activities 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 Company operates and generates taxable income.

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

Deferred tax

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

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

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

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

2. Significant accounting policies *(continued)*

Deferred tax *(continued)*

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.

Deferred tax assets are only recognised by the Company when management is certain they can be utilised in the foreseeable future.

VAT and other sales taxes

Turnover, 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 balance sheet.

Leases

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

Operating lease payments are recognised as an operating expense in the profit and loss account on a straight-line basis over the lease term.

Fixed assets

Fixed assets are 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 Company 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 profit and loss account 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 profit and loss account 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 cash-generating unit ('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 profit and loss account when the asset is derecognised.

2. Significant accounting policies *(continued)*

Fixed assets *(continued)*

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

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

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

Intangible assets

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

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

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

Players' registrations and football staff remuneration

Initial recognition

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

2. Significant accounting policies *(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

Management believe the value in use of a player registration cannot be determined on a player by player basis unless a decision has been made to dispose of the player or the cost is recovered through an insurance claim, for example if a player were to suffer a career threatening injury. If such a case were to arise, management would assess the registration's fair value less cost to sell in comparison to its carrying value. Where the estimated fair value less cost-to sell of a single player registration was below its carrying value, management would record an impairment charge in profit and 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 Company, 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 profit and loss 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 profit and loss account. Contingent consideration receivable from a sale of a player's registration is only recognised in the profit and loss account once the performance conditions within the contract are met.

Remuneration

Player remuneration is recorded in profit and loss 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 profit and loss account in the period to which they relate.

Investments

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

Other investments held are stated at cost less any provision for impairment.

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.

2. Significant accounting policies *(continued)*

Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit and loss account. The losses arising from impairment are recognised in the profit and loss account in finance costs for loans and in cost of sales or other operating expenses for receivables.

AFS financial assets

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

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

2. Significant accounting policies *(continued)*

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

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 Company designates certain derivatives as cash flow hedges in order to hedge future cash flows denominated in foreign currencies.

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

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit and loss when the hedge item affects profit or loss. Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods when the hedged item is recognised in profit and loss. 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 profit and loss.

Capital grants

Grants receivable in respect of capital expenditure are treated as deferred income and released to profit and loss 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 balance sheet represents total grants received less amounts credited to profit and loss.

Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in greater than one year, the debtors are presented as non-current assets. If the debtors are expected to be collected in one year or less, they are presented as current assets.

An impairment provision for trade or other debtors is recorded when there is evidence that the debtor is impaired. Indicators of impairment include financial difficulties of the customer, the customer potentially entering bankruptcy or financial reorganisation, and default in payments. The amount of impairment loss is measured as the difference between the carrying amount of the debtor and the present value of the estimated future cash flows arising on the trade debtor.

2. Significant accounting policies *(continued)*

Where previously impaired debtors are subsequently recovered, amounts previously written off are credited to profit and loss.

Cash at bank and in hand

Cash at bank and in hand in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

Trade and other creditors

Trade and other creditors are obligations to pay for goods and services which have been acquired in the commercial operations of the Company. Amounts payable are presented as non-current liabilities if payment is due in greater than one year. Where amounts payable are due in one year or less, they are presented as current liabilities.

Trade and other creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Pension costs

The Company 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 Company is unable to identify its share of the assets and liabilities of the scheme. As such, the Company's contributions into the scheme are recognised in profit and loss when they fall due.

The Company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The Company's contributions into this scheme are recognised in profit and loss when they fall due.

Obligations under finance leases

After initial recognition, interest bearing obligations under finance leases are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the EIR method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit and loss.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of turnover, 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, which includes the Company's estimate of the fair value of any contingent consideration. Subsequent reassessments of the contingent consideration payable are included in the players' registration. The estimate of the amount of contingent consideration payable requires management to assess, on a player by player basis, the likelihood of specific performance terms being met which would result in the payment of contingent consideration.

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

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.

Intangible assets

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 Company. 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.

Debtor recoverability

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

4. Turnover

	Year ended 30 June 2018 £000	13 month period ended 30 June 2017 £000
Matchday	**56,621**	51,868
Broadcasting - UEFA	**54,578**	47,928
Broadcasting - all other	**156,942**	155,566
Other commercial activities	**232,315**	218,013
	500,456	473,375

All turnover originates in the United Kingdom. The Company has one activity which is the operation of a professional football club and therefore a segmental analysis has not been provided. All of the results for this activity are included within the primary statements.

5. Operating loss

	Year ended 30 June 2018 £000	13 month period ended 30 June 2017 £000
Other operating income		
Other operating income	3,035	2,450
	3,035	2,450
Operating expenses		
Direct cost of sales and consumables	12,895	11,876
Remuneration of Auditors and its associates:		
Audit fees	42	41
Tax services	-	18
Other services	-	50
Hire of other assets – operating leases	59	137
Capital grants released and amortised	(1)	(296)
Other external charges	105,279	94,176
Employee costs (Note 7)	259,634	264,133
Amortisation of player registrations	134,284	121,742
Amortisation of other intangible assets	602	574
Profit on disposal of fixed assets	(54)	(3)
Depreciation of tangible fixed assets:		
Owned	9,048	10,426
Leased	3,866	3,130
	525,654	506,004
Operating loss		
Operating profit before player trading	112,121	91,563
Amortisation of player registrations	(134,284)	(121,742)
	(22,163)	(30,179)

6. Directors' remuneration

	Year ended 30 June 2018 £000	13 month period ended 30 June 2017 £000
Directors' emoluments	-	-
Company contributions to money purchase pension schemes	-	-
Amounts paid to third parties in respect of Directors' services	-	-

No Directors were paid in the period *(2017: £nil)* and no Company pension contributions were made *(2017: £nil)*.

7. Employees

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	Year ended 30 June 2018	13 month period ended 30 June 2017
Football staff – including players	210	153
Commercial/administration staff	239	172
	449	325

7. Employees *(continued)*

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	225,942	232,840
Social security costs	32,973	30,722
Other pension costs	719	571
	259,634	264,133

8. Interest receivable and similar income

	Year ended 30 June 2018 £000	13 month period ended 30 June 2017 £000
Bank interest	555	293
Other	-	1,798
	555	2,091

9. Interest payable and similar charges

	Year ended 30 June 2018 £000	13 month period ended 30 June 2017 £000
Bank loans and overdrafts	2,421	1,673
Other loans	43	3
	2,464	1,676

10. Taxation

(a) Analysis of the tax credit in the period

	Year ended 30 June 2018 £000	13 month period ended 30 June 2017 £000
Current tax		
UK corporation tax at 19% *(2017: 19.8%)* on profits for the period	-	-
Adjustments in respect of prior years	-	(537)
Total current tax credit	-	(537)
Deferred tax		
Impact of change in UK corporation tax rate	-	(447)
Total deferred tax credit	-	(447)
Total tax credit	-	(984)

Notes to the Financial Statements *(continued)*

10. Taxation *(continued)*

(b) Factors affecting tax credit for the year

The tax credit for the period varies from the standard rate of corporation tax in the UK of 19% (*2017: 19.8%*). The differences are explained below:

	Year ended 30 June 2018 £000	13 month period ended 30 June 2017 £000
Profit on ordinary activities before taxation	10,438	104
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (*2017: 19.8%*)	1,983	21
Effects of:		
Expenses not deductible for tax purposes	147	189
Fixed asset timing differences	1	1,648
Other permanent differences	-	836
Adjustments to deferred tax balances	-	5,495
Deferred tax not recognised	1,597	(8,104)
Tax rate difference arising on revaluation of stadium	-	(447)
Income not taxable for tax purposes	(85)	(85)
Adjustments in respect of prior years	-	(537)
Group relief claimed	(3,643)	-
Total tax credit for the period	-	(984)

The Company has corporation tax losses available for carry forward of approximately £451.4m (*2017: £502.9m*).

(c) Factors that may affect future tax charges

The Company 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.

11. Intangible fixed assets

	Other intangibles £000	Players' registrations £000	Total £000
Cost			
As at 1 July 2017	3,394	687,928	691,322
Additions	-	328,073	328,073
Disposals	-	(155,470)	(155,470)
As at 30 June 2018	**3,394**	**860,531**	**863,925**
Amortisation			
As at 1 July 2017	1,834	354,020	355,854
Charge in the year	602	134,284	134,886
Disposals	-	(116,122)	(116,122)
As at 30 June 2018	**2,436**	**372,182**	**374,618**
Net book value			
As at 30 June 2018	**958**	**488,349**	**489,307**
As at 30 June 2017	1,560	333,908	335,468

12. Tangible fixed assets

	Land and buildings (freehold) £000	Land and buildings (short leasehold) £000	Land and buildings (long leasehold) £000	Assets under the course of construction £000	Fixtures, fittings and equipment £000	Total £000
Cost						
As at 1 July 2017	192,416	1,594	197,277	9,968	58,052	459,307
Additions	944	-	-	8,488	1,937	11,369
Disposals	-	-	(212)	-	(640)	(852)
Reclassification	1,646	-	12,544	(17,599)	3,409	-
As at 30 June 2018	**195,006**	**1,594**	**209,609**	**857**	**62,758**	**469,824**
Depreciation						
As at 1 July 2017	6,399	167	11,701	-	28,470	46,737
Charge for the year	2,613	22	3,844	-	6,435	12,914
Disposals	-	-	(23)	-	(548)	(571)
Reclassification	-	-	-	-	-	-
As at 30 June 2018	**9,012**	**189**	**15,522**	**-**	**34,357**	**59,080**
Net book value						
As at 30 June 2018	**185,994**	**1,405**	**194,087**	**857**	**28,401**	**410,744**
As at 30 June 2017	186,017	1,427	185,576	9,968	29,582	412,570

Notes to the Financial Statements *(continued)*

12. Tangible fixed assets *(continued)*

Finance Lease on Etihad Stadium

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

A finance lease creditor equal to the future obligations under the lease has been established. In calculating the future obligations an interest rate of 7.57% and an estimated long-term inflation rate of 2.5% have been applied.

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

13. Fixed asset investments

	Shares in subsidiary undertakings £000
Cost and net book value at 30 June 2018	-
Cost and net book value at 30 June 2017	-

Subsidiary undertakings	**Principal activities**	**Proportion of voting rights and share capital held**	**Registered address**
Manchester City Investments Limited	Dormant company	100%	City Football HQ, 400 Ashton New Road, Manchester M11 4TQ
Eastlands Strategic Development Company Limited	Dormant company	33%	Town Hall, Albert Square, Manchester M60 2LA

Incorporated in England and Wales.

14. Debtors

	2018 £000	2017 £000
Amounts falling due within one year		
Trade debtors	**134,487**	129,659
Debtors arising from player transfers	**53,585**	29,955
Amounts owed by group undertakings (Note 23)	**16,541**	74,145
Amounts owed by related party undertakings (Note 23)	**486**	367
Other debtors	**43**	40
Prepayments and accrued income	**46,702**	36,521
	251,844	270,687
Amounts falling due after more than one year		
Debtors arising from player transfers	**26,465**	23,194
Other debtors	**450**	157
	26,915	23,351
Total debtors	**278,759**	294,038

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

Trade and other debtors 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.

15. Creditors: due within one year

	2018 £000	2017 £000
Obligations under finance leases (Note 17)	**384**	396
Trade creditors	**5,671**	4,848
Creditors arising from player transfers	**102,223**	71,503
Amounts owed to group undertakings (Note 23)	**12,708**	815
Amounts owed to related party undertakings (Note 23)	**37**	50
Other creditors including tax and social security	**51,810**	43,352
Accruals	**38,225**	40,139
	211,058	161,103

16. Creditors: due after more than one year

	2018 £000	2017 £000
Obligations under finance leases (Note 17)	**65,573**	65,926
Creditors arising from player transfers	**38,328**	14,649
	103,901	80,575

17. Borrowings

Maturity of obligations under finance leases	**2018** **£000**	2017 £000
Within one year	**384**	396
Between one and two years	**403**	384
Between two and five years	**1,336**	1,271
After more than five years	**63,834**	64,271
	65,957	66,322

During the period all external loans were repaid.

Finance Leases

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

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

	2018 **£000**	2017 £000
Within one year	**3,550**	3,550
In the second to fifth year	**14,200**	14,200
Over five years	**146,725**	150,275
Less future finance charges	**(98,518)**	(101,703)
	65,957	66,322

18. Deferred income

	2018 **£000**	2017 £000
Within one year:		
Deferred income	**137,342**	133,304

19. Deferred tax

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

	Property revaluation £000	**Total £000**
At 1 July 2017	7,596	7,596
Credited to profit and loss account	-	-
Credited to other comprehensive income	-	-
As at 30 June 2018	**7,596**	**7,596**

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

	2018 £000	2017 £000
Deferred tax liabilities	**7,596**	7,596

The Company has not recognised a deferred tax asset of £101.4m *(2017: £97.4m)* in relation to accumulated losses, accelerated capital allowances and short-term timing differences due to the uncertainty as to whether it can be utilised in the foreseeable future. The losses do not have an expiry date.

20. Share capital

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

	2018 £000	2017 £000
Issued, fully paid and called up		
1,316,345,585 ordinary shares of £1 each *(2017: 1,258,345,585)*	**1,316,345**	1,258,345
3,399 ordinary shares of £1 each – 25p paid *(2017: 3,399)*	**1**	1
	1,316,346	1,258,346

During the period 58,000,000 ordinary shares of £1 were issued for a consideration of £1 per share.

21. Pensions

Defined contribution scheme
Contributions to the defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable. The total contributions in the period amounted to £719,000 *(2017: £571,000)*. As at 30 June 2018, contributions of £105,000 *(2017: £101,000)* due to the pension scheme were unpaid and recorded in current liabilities.

21. Pensions *(continued)*

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 2017 where the total deficit on the ongoing valuation basis was £30.4m.

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

The Club currently pays total contributions of £63,852 per annum which increases at 5.0% per annum and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 31 October 2023.

As at 30 June 2018, the present value of the Club's outstanding contributions (i.e. their future liability) is £332,724. This amounts to £65,529 *(2017: £66,059)* due within one year and £292,062 *(2017: £331,041)* due after more than one year.

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the technical provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2017), 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.

22. Commitments

Operating leases

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

Expiring	2018 £000	2017 £000
Within one year	**141**	1
Within two and five years	**124**	-
After five years	**-**	-
	265	1

Capital commitments

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

	2018 £000	2017 £000
Contracted but not provided for	**4,008**	3,289

Transfer fees payable

Additional transfer fees, signing on fees and loyalty bonuses of £158,916,000 *(2017: £111,033,000)* that will become payable upon the achievement of certain conditions contained within player and transfer contracts if they are still in the service of the Club on specific future dates are accounted for in the year in which they fall due for payment.

Other commitments

Manchester City Football Club Limited has assigned its 2018/19 guaranteed Premier League central funds to Barclays Bank PLC as security over a short term borrowing facility. The funds have been assigned on behalf of its parent company City Football Group Limited in order to fund global City Football Group activities, if required. The fixed charge and negative pledge is in place over the central funds until the facility expiration date. In the year, and as at 30 June 2018 the facility remaining unused with a balance of £nil.

23. Related party transactions

Transactions with subsidiaries of City Football Group Limited
Transactions during the year ended 30 June 2018 with New York City Football Club LLC, a fellow subsidiary of City Football Group Limited, consisted of trading balances totalling £285,000 *(2017: £63,000)*, which are included in debtors due within one year, the provision of services of £346,000 *(2017: £1,000)* and the purchase of services totalling nil *(2017: £87,000)*.

Transactions during the year ended 30 June 2018 with Girona FC SAD, a fellow subsidiary of City Football Group Limited, consisted of trading balances totalling £1,000 *(2017: nil)*, which are included in creditors due within one year, and the purchase of services totalling £1,000 *(2017: nil)*.

Transactions with Brookshaw Developments Limited
A balance from Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment and Development Ltd, of £37,000 *(2017: £50,000)* is included in creditors due within one year.

Transactions with Abu Dhabi United Group Investment and Development Ltd
During the period, costs of £119,000 *(2017: £161,000)* were recovered from the ultimate parent company. A balance of £486,000 *(2017: £367,000)* was included in debtors due within one year.

23. Related party transactions *(continued)*

Key management compensation

Details of key management compensation are listed in the notes of City Football Group Limited financial statements in note 6.

24. Events after the reporting date

Since the year end the Club has entered into agreements to acquire the football registrations of Riyad Mahrez (from Leicester City FC), Daniel Arzani (from Melbourne City FC) and Claudio Gomes (from PSG). The football registrations of Angus Gunn (to Southampton FC), Joe Hart (Burnley FC), Bersant Celina (to Swansea City FC), Rodney Kongolo (to FC Heerenveen) and Jason Denayer (to Lyon) have been sold. The net expenditure on these transactions was approximately £42m.

25. Ultimate parent company

As at 30 June 2018 the Company's ultimate parent undertaking was Abu Dhabi United Group Investment and Development Ltd, a company registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan.

Manchester City Limited is the parent undertaking of Manchester City Football Club Limited. City Football Group Limited is the parent undertaking of the group to consolidate these financial statements. Copies of Manchester City Limited and City Football Group Limited consolidated financial statements can be obtained from Companies House.