



MANCHESTER CITY
Annual Report 2015-16

OURCITY.



MESSAGE FROM THE CHAIRMAN



The transformation of Manchester City under the ownership of HH Sheikh Mansour bin Zayed Al Nahyan has never been anything other than a long-term project. We have set ambitious goals and achieved many of them faster than expected in the last eight years, but we have never underestimated the scale of the undertaking. I believe that the 2015–16 season marked the end of another important phase in that journey and the beginning of the next exciting chapter.

On the pitch, results were uneven. The Club won the Capital One Cup and progressed further than ever in the UEFA Champions League, reaching the semi-finals for the first time. We also secured a top four finish in the Barclays Premier League. That is a highly respectable season but it does not represent the sum of our ambitions today. The Premier League result in particular was squarely below expectations.

It is a reflection of how far we have come that Manchester City now enters each season with the realistic goals of winning the league, bringing home a domestic cup, and competing for European honours. That is a tall order for any first team squad, but it is also the reality of where we stand in football terms in 2016. With that in mind, I would like to recognise our former manager, Manuel Pellegrini, for the significant contributions that he made to the Club. He firmly established Manchester City as a genuine threat in European football and in doing so displayed both ambition and professionalism throughout his time with us. His achievements, including a Premier League title and two League Cups in three years, speak for themselves and will not be forgotten.

The commitment to football excellence at Manchester City extends well beyond our first team. Results at Youth level were particularly promising this year, with our Academy teams winning a record number of titles across all age groups, and our U16s scoring more than 100 goals in an unbeaten season. Manchester City Women also qualified for the Champions League for the first time. Training at the landmark City Football Academy provides all of our players and coaches with in-house access to world-class facilities and expertise, and provides them with the best possible chance of performing at their highest level each week.

It has always been our view that sporting success and commercial sustainability must go hand-in-hand. On that basis, Manchester City has delivered a bottom line profit of £20.5 million in 2015-16, increased its revenues for the eighth year in succession, and continued to operate with zero financial debt. The City Football

Group – which owns Manchester City, New York City FC and Melbourne City FC – was proud to announce a US\$400 million investment in December 2015 from a consortium led by China Media Capital Holdings, which valued the Group at US\$3 billion.

Importantly, Manchester City has now reached a level of sporting and commercial maturity that allows one to feed the other. That is the vision for success and sustainability that we have been working towards since 2008 under the guidance of HH Sheikh Mansour bin Zayed Al Nahyan, and its achievement represents another important breakthrough in the long-term development of the Club.

As Manchester City has expanded its international profile, it has never lost touch with its roots. Our supporters can take much of the credit for that. City fans were consulted directly on a series of changes resulting from the expansion of the Etihad Stadium to a capacity of 55,000 and were instrumental in making the project a success. Supporters also had a significant influence on the need to return the club badge to a more authentic design. Manchester City now has a modern crest that is more aligned with the Club's proud history and heritage. Our connection with fans and the people of Manchester was once again no better exemplified than in the City in the Community programmes that reached more than 35,000 people in Greater Manchester in 2015-16.

I believe the 2016-17 season represents the beginning of a critical new phase in the evolution of Manchester City. We know that we have the playing, coaching and off-field capabilities at our disposal to achieve great things in English and European football in the years ahead. In our new manager, Pep Guardiola, we have recruited a proven winner with an innate ability to identify, nurture and develop young talent. At the landmark City Football Academy, we have one of the world's most elite facilities for football training and development on our doorstep. All of this raises expectations and adds pressure on us all, but nobody expects more from Manchester City than those of us involved with and supporting our Club.

Living up to these expectations in all we do is the challenge that lies ahead of us as an organisation and as a team. I want to take this opportunity to thank all of our employees, commercial partners and supporters for their dedication and contributions in 2015-16. I also want to wish each of you the best for the season ahead. It remains a unique privilege to be a part of this exciting journey as we reach towards the next important milestone in the evolution of Manchester City.

Khaldoon Al Mubarak
Manchester City Football Club
Chairman

MESSAGE FROM THE CEO



2015-16 was another eventful season for Manchester City and one which marked the end of one chapter and the beginning of a new one in the Club's journey.

On the pitch, we continued in our endeavours to play beautiful football. Our men's first team won the League Cup and reached the Champions League semi-final for the first time. They also ended the Premier League season in fourth place, a finish which, though disappointing for all of us, only encourages us to work harder and better in the future.

Our women's team qualified for the Champions League for the first time in its history and the Club's Academy squads won a record number of trophies across all age groups, signalling that there is a new generation of talented players that should play an important role in our Club's future. This form of sustainability – that of bringing through young talent via our Academy – has always been central to His Highness Sheikh Mansour bin Zayed Al Nahyan's vision of a flourishing Manchester City. We continue to work hard towards those goals and build on the many tangible successes that have already emerged in this area.

Long-term financial sustainability is another well-documented key objective for us and we are seeing consistent and continued evidence of this in our financial performance. In the 2015-16 season, we achieved record revenues of £391.8 million – an 11% increase on the previous season – and, once again, Manchester City FC generated a profit (of £20.5 million). These positive results were achieved in the context of a zero debt operation and a wage/revenue ratio of 50%, a figure which is among the best in the football industry.

A year ago, we spoke about the opening of the City Football Academy as a single site for all of our teams as the hardware of our strategy. The software is our consistent coaching methodology, our style of play across all of our teams and our commitment to hard work and intensity at every level. We are already beginning to see some positive results from this integrated approach, not only with the success of our Youth teams in Manchester but also with the other teams of the City Football Group.

All of our Clubs are now well established and delivering promising results. There is a network of support and openness and a culture of sharing best practice that helps us all improve. We are delighted with the progress we have made but there is clearly a lot more work to do and we must constantly adapt to new challenges and embrace fresh opportunities.

Our global network is providing unmatched benefits for our players, coaches and staff. Patrick Vieira joined Manchester City as a player in 2010, graduated to coach the EDS team for three years and this year became Head Coach of New York City FC. In addition, three

players from Manchester's EDS were loaned or signed to NYCFC and had successful experiences with the Club. Frank Lampard played for both Manchester City and NYCFC, while Aaron Mooy left Melbourne City to be signed by Manchester City. These are examples that the City Football Group's truly global approach is working to benefit the development both of the game and of our people.

The curtain rose on last season with the opening of the newly expanded Etihad Stadium. This expansion enabled us to post record crowds on multiple occasions during the season. We have seen a significantly enhanced atmosphere and fan experience, noticeable, for example, when we played our Champions League games against Paris St Germain and Real Madrid. The renewed energy and atmosphere was very special.

Bringing our supporters closer to the Club and keeping our Cityzens family closer together is, and will always be, a key objective for us. Maybe the best example of this in the past 12 months was the consultation with our members on the possibility of changing the Manchester City badge, and their subsequent influence on its design. Tens of thousands took the opportunity to engage with us in creating a crest which would be most authentic to and reflective of the Club and the city of Manchester itself. What emerged was considered a 'modern original', representing both the Club's rich history and its exciting future.

China deserves a very special mention. This season, we were very happy to welcome our new investors, a consortium led by China Media Capital (CMC) which injected US\$400 million into CFG, leading to a new Group valuation of US\$3 billion. Our new partners are instrumental in our ability to understand and foster the opportunities for our Group in China, at the same time as we work to help develop the game in such a vast and interesting country.

As our commercial structure continued to mature, we opened new offices in Singapore and Shanghai, taking the total number of regional offices to eight, and enabling us to serve our partners and fans around the world in more individual and localised ways.

We are confident that all these positives will make for an even better 12 months to come as we begin our next chapter. Our new manager, Pep Guardiola, is an important part of this next stage, just as Manuel Pellegrini was before him. Pep brings rich experience, a new level of tactical sophistication and intensity, with a passion and vision that will help move our Club forward with the energy and focus expected by our owners and all of the City family.

We start from a solid base, we have committed owners and partners, world-class coaches and players, superb facilities, highly talented employees, and the most passionate and enduring supporters.

Together, I believe that we are in a great position to continue making history at Manchester City.

Ferran Soriano
Manchester City Football Club
Chief Executive

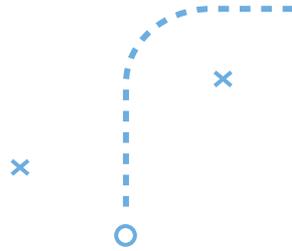
CITY IN CHINA

In December 2015, City Football Group (CFG) announced a partnership with a consortium of high profile Chinese institutional investors, led by China's leading media, entertainment, sports and Internet dedicated investment and operating company China Media Capital (CMC) Holdings. The agreement saw the consortium of CMC Holdings and CITIC Capital invest US\$400 million to take a shareholding in CFG of just over 13%. The deal values the Group at US\$3 billion.

The capital from the share acquisition will be used by CFG to fund its China growth, support CFG international business expansion opportunities and further develop CFG infrastructure assets.

In October 2015, the President of the People's Republic of China, President Xi Jinping, visited the City Football Academy in Manchester. This was the first time that a Chinese President had visited any British city except London on an official state visit.

The President, accompanied by then-British Prime Minister David Cameron, was hosted by Chairman Khaldoon Al Mubarak at the 80-acre youth development and first team training site in central Manchester, as part of a four-day trip to the UK.



**\$400
MILLION**
invested by CMC Holdings

**\$3
BILLION**
group value



NEW BADGE: A MODERN ORIGINAL

On 26 December 2015, the Club revealed a new badge to fans following a 30-day consultation with Citizens supporters.

The consultation process sought to establish whether fans would like the Club's badge to be changed, and if so how. It also sought to gauge which symbols supporters considered most authentically relevant to the Club and the city of Manchester.

Thousands of Citizens members gave their views via an online questionnaire and dedicated consultation space at the Etihad Stadium. Hundreds of supporters also attended a series of free lectures on the history of the badge, provided by football historian Gary James.

The new badge, lauded as a 'modern original', marks a return to its historical round shape and features a series of iconic Manchester symbols – the ship, the three rivers and the red rose of Lancashire.

For the first time, the Club included the year of its foundation as a nod to its rich history within the Manchester community.

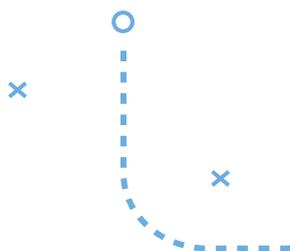
The new badge was officially launched in July 2016.



EXPANDING THE ETIHAD STADIUM

By 2013, the vast majority of matches at the Etihad were sold out, with further demand for tickets remaining. An expanded Etihad Stadium would allow more people to watch City with ticket prices to cater for all budgets, and the Club began to explore the options.

MARCH 2010:	Agreement signed with Manchester City Council and New East Manchester Limited to work together on creating a transformational plan for the regeneration of East Manchester and the area in and around the Etihad Stadium and Etihad Campus. The expansion of the Etihad Stadium, along with the City Football Academy, Beswick Community Hub and Manchester Institute of Health and Performance, all play key roles in delivering the transformational plan set out in 2010.
JULY 2013:	Proposed expansion of the Etihad Stadium is announced.
JULY – AUGUST 2013:	Consultation opens, seeking the views of fans, local residents and other stakeholders on the proposed expansion.
OCTOBER 2013:	Waiting list opens for supporters making a £100 down payment.
NOVEMBER 2013:	Planning application submitted.
FEBRUARY 2014:	Planning permission granted for the South Stand expansion and three new rows of pitchside seating.
MARCH 2014 – AUGUST 2015:	Construction takes place around 34 home games, three One Direction concerts and the Rugby League Magic Weekend.
AUGUST 2015:	The final seats in the South Stand are fitted by local apprentices and EDS players, and local residents became the first people to have a full tour of the stadium.
AUGUST 2015:	Test event for 7,000 supporters, raising £15,000 for City in the Community. The Etihad Stadium is awarded its safety certificate.
AUGUST 2015:	Official launch of the South Stand and pitchside seats as Manchester City take on Chelsea in the first home game of the 2015-16 season.
AUGUST 2015 – MAY 2016	In the first season following the stadium expansion, average Premier League home attendances rise by 19% to more than 54,000.





OUR TEAMS

OVERVIEW

Manchester City's men's team enjoyed mixed fortunes in the 2015-16 season. Despite a somewhat disappointing domestic Premier League campaign, finishing in fourth place, the Club also brought home the Capital One Cup and progressed further in the UEFA Champions League than in any previous year.

The Manchester City women's team won or drew 12 of 14 league games in the 2015 season, reaching the knockout stages of the FA WSL Continental Tyres Cup, but ultimately went home empty-handed.

A last minute Chelsea goal in the FA Cup semi-final in April 2016 prevented them from reaching the final, but the women's team did qualify for the Champions League for the first time in their history.

Both the men's youth Academy and the women's team also celebrated significant international success across a range of tournaments. 28 Academy players from the U15-U18 teams represented their country, including 18 England players. The bronze-winning England team at the FIFA Women's World Cup in Canada featured five women's team players, with Karen Bardsley, Lucy Bronze and captain Steph Houghton all named in the Squad of the Tournament.

Now in their second year based at the landmark City Football Academy, the Youth Academy went from strength to strength in 2015-16, winning trophies in every age group, scoring a record number of goals, and further demonstrating the depth of the Club's commitment to developing local talent.



MANCHESTER CITY WOMEN'S TEAM

attracted record highest attendance in the WSL

YOUTH

28

players

representing their country in U15-U18 age groups, including

18

England players



MANCHESTER CITY MEN

Manchester City finished in fourth place in the 2015-16 Premier League season.

Despite a disappointing finishing position, City scored 71 goals, more than any other team in the Premier League, including 47 at home.

Sergio Agüero scored 24 goals and maintained his position as the all-time most efficient striker in the Premier League.

Joe Hart missed out on the Golden Glove award by a single point; despite achieving more clean sheets than the previous year, he was just one short of the eventual winner.

In February 2016, City beat Liverpool on penalties to take home the Capital One Cup for the second time in three seasons.

City progressed further than ever before in the Champions League, beating Paris Saint-Germain 3-2 on aggregate in the quarter-finals before being knocked out by Real Madrid in the semi-final with a 1-0 aggregate defeat.

19-year-old Kelechi Iheanacho scored 14 goals in 35 appearances, having graduated from the Elite Development Squad to the first team at the beginning of the season.

The squad was strengthened in the summer 2015 transfer window with the signing of midfielder Raheem Sterling, Belgian midfielder Kevin De Bruyne and Argentinian centre-half Nicolas Otamendi.

Following the Capital One Cup win, Manuel Pellegrini announced that 2015-16 would be his final season in charge of the Club, and it was announced that Pep Guardiola would be the new Manchester City manager.

PRE-SEASON TOUR

Two City Football Group (CFG) teams faced one another for the very first time in July 2015, when Manchester City took on Melbourne City in an historic match at the CBus Super Stadium on the Gold Coast, Australia. Manchester City were victorious on the day, winning 1-0 in front of a capacity crowd.

As part of the International Champions Cup in Australia in 2015, more than 140,000 fans watched Manchester City take on Roma and Real Madrid at the Melbourne Cricket Ground over two nights.

Together with CFG partner Etihad Airways, the Club conducted City Football Schools for children and young people in Brisbane and Melbourne as part of its Australian tour.

City finished their pre-season visit to the region with a match against the Vietnamese national team in Hanoi that resulted in an 8-1 victory.



71 
GOALS
scored, more than any other team

47
GOALS
scored at home, more than any other team

16 
CLEAN SHEETS
two more than last season



MANCHESTER CITY WOMEN

Manchester City Women ended their second Women's Super League (WSL) season in second place, winning or drawing 12 of their 14 league matches, and reached the quarter-final and semi-final in two cup competitions.

League results were particularly strong following the World Cup, with eight wins and one draw, ensuring a tense end to the season that ended just two points short of the top spot.

In the FA WSL Continental Tyres Cup, City faced Arsenal away in the quarter final, losing narrowly to a team out to avenge their previous season's title defeat.

An away loss to Chelsea in the 120th minute of the FA Cup semi-final spoiled the chance of a trip to Wembley, and saw City knocked out of the competition for the second consecutive season at the same stage.

October also brought a new landmark achievement for City as they secured Champions League football with a final day victory over Notts County.

Qualification for the UEFA Champions League marked an important milestone in the team's history, and the fulfilment of an important objective set at the time of the Club's inception.

24-year-old Izzy Christiansen had a standout season, scoring six goals in nine league games and winning the prestigious player-nominated 'PFA Women's Players' Player of the Year'. Lucy Bronze became the first ever female footballer to be nominated for BBC Sports Personality of the Year, and was nominated for Goal of the Tournament at the World Cup. Two City players – Kiera Walsh and Nikita Parris – were nominated for Young Player of the Year at the PFAs.

U17 England captain Georgia Stanway joined City in July 2015, taking the number of international players in the squad to 16 (12 seniors and four youth internationals).

The FIFA Women's World Cup took place in June 2015 in Canada. Five City players featured in the bronze-winning England team, and 2.4 million people watched their semi-final live on British television. They returned home as tournament heroes, receiving invites to Buckingham Palace and Downing Street, and a meeting with Prince William. Captain Steph Houghton was awarded an MBE and three City players were named in the FIFA All Star Squad – the only WSL players to feature.

PRE-SEASON TOUR

In February 2016, the team travelled to Abu Dhabi for a pre-season training camp, and a match against touring sister-club, Melbourne City Women. The game, the FBMA Challenge, was the second ever match between City Football Group teams, and was screened in the UK, US and Australia.

At the City Football Academy in Manchester, City took on FC Rosengard and Pieta, winning both games, to complete their pre-season preparation.



55% 

growth in home match attendance in the 2015 season, giving Manchester City the highest average attendance in the WSL

YOUTH

EDS

The EDS (Elite Development Squad) reached the knockout stages of the UEFA Youth League for the fourth successive season, eventually knocked out by semi-finalists Real Madrid. Although they were defending champions of the Premier League International Cup, the team failed to reach the knockout stages of the 2015-16 competition.

Eight EDS players made their first team debuts this season, including two players – Tosin Adarabioyo and Brandon Barker – who have all been with the Club since the age of nine.

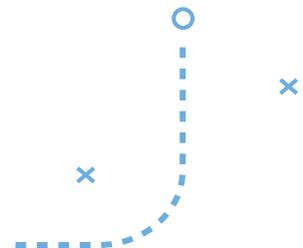
Two members of the EDS squad, Angelino and Shay Facey went on loan to sister-club New York City FC (NYCFC), and Eirik Johansen made a permanent move.

In January 2016, five NYCFC players trained with the Manchester City EDS squad as part of their pre-season preparation.

Head of the EDS, Patrick Vieira, was appointed Head Coach of NYCFC on 1 January 2016, at which point Simon Davies, former EDS assistant coach, took up the lead role. Together the duo had led the EDS to the knockout stages of the UEFA Youth League for three successive seasons, and won the first Premier League International Cup in 2014-15.



8 EDS
players who made their first team debut



YOUTH



ACADEMY

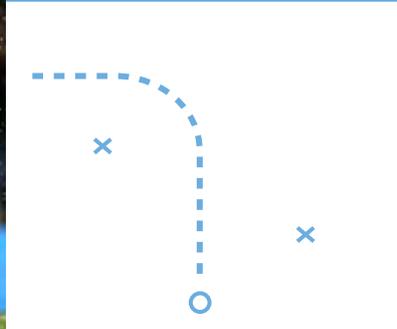
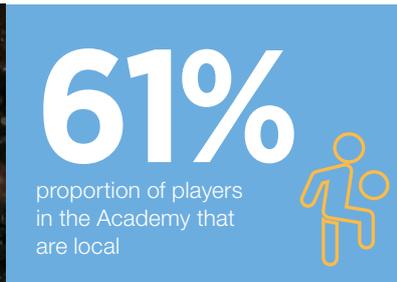
The Manchester City Academy had much to be proud of in 2015-16, building on past successes and benefiting from the opportunities created by the City Football Academy facility.

More than sporting talent alone, the ambition of the Academy is to develop well-rounded young people, providing the best possible opportunities to succeed in professional football and in life.

Every age group earned significant accolades, most notably national championships for the U11, U13, U15 and U18s. The U16s were unbeaten all season and scored more than 100 goals.

The U18s reached the FA Youth Cup Final for the second consecutive year, ultimately losing 4-2 across two legs against reigning champions Chelsea.

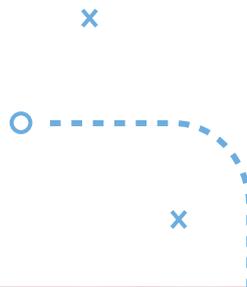
A total of 28 Academy players represented their country in the U15-U18 age groups, including 18 England players.



WOMEN'S TEAM

The City Football Academy is now home to a complete female football development pathway. In April 2016, it was announced that Manchester City Women's Football Club would be one of only 10 clubs awarded FA Regional Talent Club Tier One status, which allows girls at U10 to U16 level to train at the City Football Academy for up to 10 hours per week.

As part of City's commitment to support senior players in their non-football career development, off the field a number of players have taken up roles in Club and community coaching. Karen Bardsley, Demi Stoke and Jill Scott coach at Academy level, Izzy Christiansen coaches with City in the Community every week while Daphne Corboz is studying for a Master's degree in biomedicine alongside her playing career.



16 MEMBERS

of the first team who play for national squads comprising 12 seniors and 4 youth internationals



YOUTH

The Academy is now home to 173 players aged from the U9 to U18 age groups, of which 61% are from Greater Manchester. The focus on local recruitment was visible in the U18 FA Youth Cup Final, with nine of the 11 starting squad hailing from Manchester.

More than sporting talent alone, the ambition of the Academy is to develop well-rounded young people, providing the best possible opportunities to succeed in professional football and in life.

66 boys and girls attended St Bede's School, and this season the U16 boys became the first cohort to complete five full years in the St Bede's school programme. As a year-group they achieved a GCSE pass rate that was 7.1 percentage points above the national average, and were unbeaten all season, scoring more than 100 goals. The overall GCSE pass rate was 74%.

30 members of the men's and women's youth system attended the Connell Sixth Form College, achieving an impressive 100% pass rate in A-Levels and BTEC Sport qualifications.

In May 2016, a five-year partnership was announced with NAC Brede that will see five Academy players loaned to the Dutch side each season, designed to bridge the gap between Academy and First Team football by offering senior level experience at a young age.

City became the first Premier League football club to be licensed to run the Duke of Edinburgh (DofE) programme last season, and now boasts 15 players with Silver DofE awards and 16 more working towards Bronze and Silver Awards. In recognition of this achievement, HRH The Earl of Wessex visited the City Football Academy to witness the programme first hand.

In order to achieve a DofE Award, players complete a combination of activities spanning volunteering, skills, physical development and the all-important expedition. As part of the volunteering section, Academy players worked with the Club's 'City in the Community' programme to deliver coaching sessions to local children at the City Football Academy.

This is just one element of the Academy's 'multi-skills lifestyle' curriculum, which helps players receive a rounded education. Each week, players take part in different sports and learn practical life skills to better prepare them for adult life. As part of this programme, the U18 team played a match against City in the Community's amputee team in August 2015.



100%
PASS RATE
 for players at the Connell College who completed A Levels or Level 3 BTEC Sport qualifications

15
PLAYERS
 with Silver Duke of Edinburgh Awards






CITYZENS

OVERVIEW

Manchester City is committed to offering a world-class experience for every fan, wherever they may be in the world.

On a matchday, a record number of City fans are now able to watch the game live in the newly-expanded Etihad Stadium. Record attendances were recorded this season at both men's and women's matches.

99%
Manchester City match attendees who feel positive towards their club



£1M
total funding commitment to Cityzens Giving projects over last two seasons

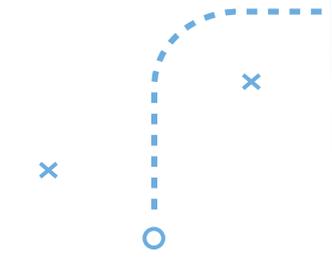


In 2015-16, fans from further afield were brought closer to the action through City's digital innovation and global reach; the Club was the first in the Premier League to trial Virtual Reality, delivered another first for European football with a global Snapchat story covering the Manchester derby, and hosted more broadcasters than ever before for the Champions League game against Real Madrid.

City's YouTube channel is now the second most watched in world football, with 82 million views in the 2015-16 season. Fans can access Club content on more platforms than ever before; this season it launched on Snapchat, and offered new experiences including Facebook 360 and Facebook Live streaming, amongst other new international social media channels and newsletters. To mark the Chinese New Year, Manchester City celebrated, along with its sister clubs in New York and Melbourne, by providing unique content and activities to its supporters on its English and Chinese platforms.

Expanding participation remains a priority for the Club. This season City fans were consulted on the historic changing of the Manchester City badge, voted on how funds were split for international community projects and, through their Cityzens membership, were able to access more unique City experiences than ever before. Around the world a record 5,500 people attended City Football Schools in eight different countries.

The Club maintained its commitment to the community in 2015-16. City in the Community delivered almost 10,000 community sessions to 35,000 people in Manchester, a total of nine Cityzens Giving projects received funding and 30 young leaders from the Cityzens Giving programme took part in the Club's Global Young Leader Summit in Manchester.



AT THE ETIHAD

The newly-expanded Etihad Stadium was officially revealed at City's first home game against Chelsea in August 2015, with the Club recording its highest ever football attendance at the stadium to that point. The opening of the new South Stand third tier was marked with a 3-0 victory against the title holders, with 7,500 additional spectators accommodated in the new stand and three additional rows of pitchside seats.

The increased capacity at the Etihad Stadium proved an immediate success. A record 40,500 Seasoncards were sold for the 2015-16 season. Attendance records were repeatedly broken, reaching a new high of 54,693 for the Premier League match against Leicester City, with home attendance averaging 54,041 across the season. Remarkably, City maintained the same occupancy rate of 99% as last season in the expanded stadium, with over 120,000 visitors coming from more than 80 different countries.

Fan groups played a pivotal part in making the expansion a success, working with the Club to relocate groups of fans, create a dedicated singing section, and develop new initiatives and activities together.

The Club's commitment to affordable pricing has been unwavering. City offered the second-cheapest adult season ticket in the Premier League. Several new initiatives were introduced to improve customer experience, including an in-house ticket trader system and print-at-home tickets.

According to the Premier League's annual match attender survey, 99% of respondents felt positively towards the Club, an increase of 6 percentage points from the previous year, and higher than the Premier League average of 82%.

City fans also ranked the Club in first place for the welcome they received at the stadium, food and drink quality, facilities for children, toilets, cleanliness, wi-fi connectivity and mobile phone signal. Ratings for ticket office staff have been at the highest in five years. 98% of match attenders agreed that City performs well in its investment in facilities.

Manchester City Women broke the historical league record for match attendance with a high of 3,180 against Notts County at the Academy Stadium, while a record season average of 1,500 marked a 55% growth on the 2014 season. The strength of support for the team was not only visible at home, but also away as opponents across the league reported higher attendance figures when playing Manchester City Women.



120,000+
unique home supporters attending a match at the Etihad Stadium

80+ COUNTRIES
from which fans came to games at the Etihad Stadium




DIGITAL AND TV

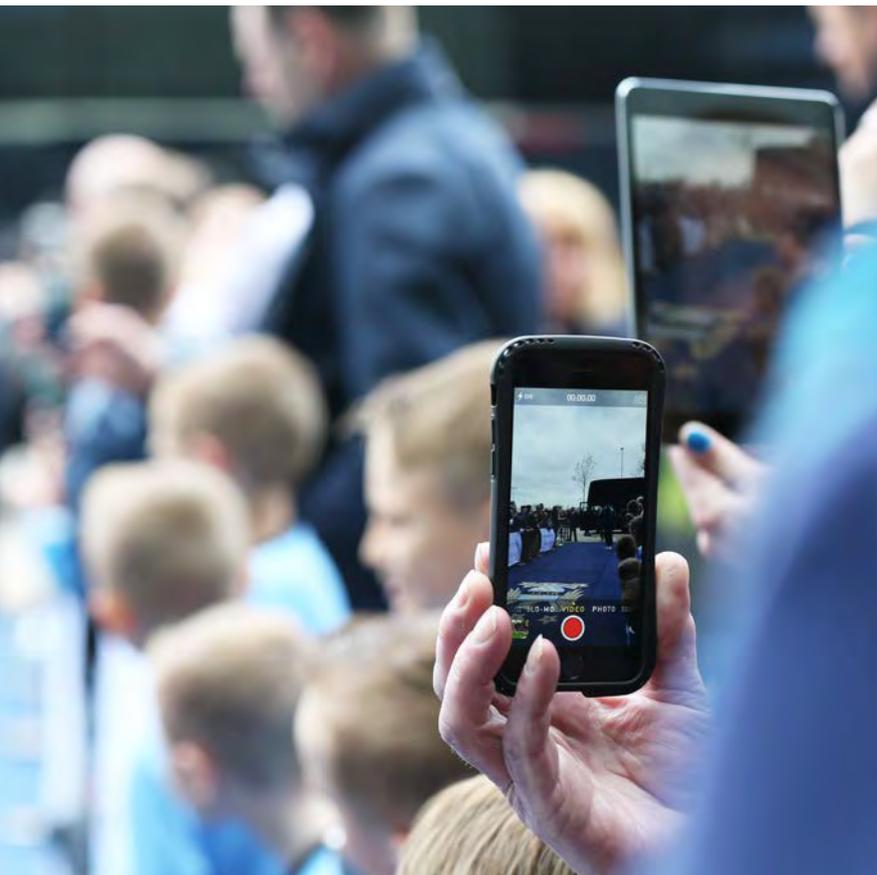
This season City fans around the world were offered a range of new opportunities to be part of the Etihad Stadium matchday experience.

For City's Premier League match against Arsenal in May, select fans in New York, London, Melbourne and Manchester watched it in Virtual Reality, marking the first ever live VR experience at a Premier League match. A few months earlier, the Club gave away thousands of City-branded VR cardboard devices to its Cityzens and introduced an experimental City VR mobile app with four immersive content experiences, including the ability for users to stand next to the wall during a free kick training session with Aleks Kolarov and Joe Hart.

After launching on Snapchat in July 2015, City achieved a European football first, with a Snapchat story from five supporter club locations across the globe – Manchester, New York, Melbourne, Indonesia and Hong Kong – for the Manchester derby at the Etihad Stadium in March. With Snaps contributed by fans both attending the match and watching from abroad, the collective Snapchat story gave followers a unique chance to be a part of the global community cheering on the team from different corners of the world.

City now have a total of six official mobile apps – City VR, City App, CityMatchday, City Editions, City Home and City Stories – meeting different and complementary fan needs.

Global media interest continued to grow, with a Club record for the number of media attending the Champions League semi-final against Real Madrid at the Etihad, including 36 broadcasters with live commentary crews and 63 photographers.



At the Champions League semi-final against Real Madrid at the Etihad

36
BROADCASTERS
with live commentary crews

63
PHOTOGRAPHERS

DIGITAL AND SOCIAL CONTENT

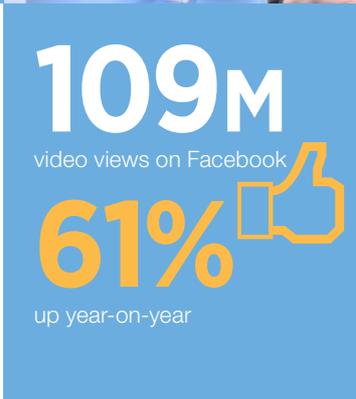
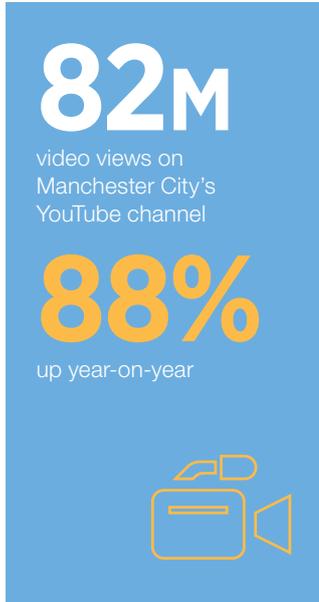
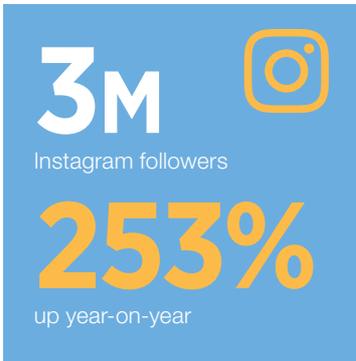
In line with the Club's digital first approach, supporters were offered greater access to world-class content with the introduction of new video series, digital experiences and ways to participate.

In March 2016, the Club launched the beta version of its new website, a key milestone in a project spanning much of the season, which involved focus groups, surveys, prototype design and user testing in partnership with fans. This culminated in the launch of the new mancivity.com site in July 2016.

CityTV's YouTube channel continued to grow, becoming the second most watched club channel in world football. Fan favourite strands like Tunnelcam, Inside City and Global City Fans continued to thrive, while new strands were added, such as Chappy's Taxi, My Fives and How to be a Footballer. Overall, the channel attracted more than 82 million views this season, equivalent to 150 video views per minute.

Facebook users were able to enjoy a wider range of exclusive content, such as 'Facebook Fives', Facebook 360 content and Facebook Live streaming, including giving fans exclusive behind the scenes training access and a player-eye view of travelling with the squad to European away games.

The Club continued to offer City fans around the world more personalised experiences, as a new newsletter in Arabic, Chinese and Indonesian language and Korean social media platform, KakaoStory, were introduced.



CHINESE NEW YEAR

Manchester City celebrated Chinese New Year, together with sister clubs Melbourne City and New York City, through a series of activities and initiatives across the Club's platforms.

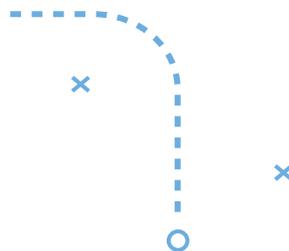


More than 60 pieces of dedicated content were created across City's UK and Chinese platforms, from animated characters to features on players developing their language skills and tasting Chinese food. The food-tasting video was picked up by global broadcasters including China's CCTV5 and, in the UK, Sky Sports News, ESPN and ITV, and was seen on Facebook by more than 4 million people. On Chinese platform YouKu, the video views were 100 times the average for City videos.

City ranked number one in sports 'hot trends' on social media platform Sina Weibo with 8.1 million views of the hashtag #citycelebrateschinesenewyear, and were the first European football club to have a Weibo card.

City's match against Leicester was dedicated to the Chinese New Year; players walked out in t-shirts featuring messages in Mandarin, and fans received special fortune cookie offers to redeem across the stadium.

A purpose built fan-engagement platform, 'Golden Envelope', was also created to give fans in China the opportunity to win exclusive prizes as part of the seasonal celebration.



MEMBERSHIP

The Cityzens membership programme entered its second year, bringing more unique experiences to fans. More than 3,000 people won prizes, including money-can't-buy opportunities to fly with the team to Champions League games, play on the Etihad Stadium pitch and take on Club legends in a football match. Junior Cityzens won the opportunity to attend the second ever Weekend Football Camp sleepover at the City Football Academy and to take part in a special Junior Cityzens Press Conference.

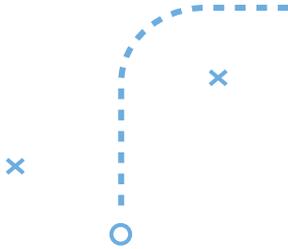
City Voice, the online fan community for Cityzens, was relaunched as a new and more dynamic platform, enabling more two-way engagement and real-time research. Over the course of the season, 35,000 participants took part in more than 100 different projects.

Sky Blue membership has continued to grow in the UAE this year. Four Sky Blue fanzone events were hosted in Abu Dhabi in 2015-16, with representatives of City Football Services on-site to share their unique football insights with local supporters.

35,000 PARTICIPANTS

over the course of the season took part in

100+ CITY VOICE PROJECTS



CITY FOOTBALL SCHOOLS

City Football Schools (CFS) continued to grow, with more than 5,500 young people participating from across eight countries and regions: the US, Canada, India, Caribbean, Argentina, China, the UAE and the UK.

In Abu Dhabi, new sites were established at the NYU Abu Dhabi Campus and in Al Ain, and in India CFS worked with City Football Group Partner Etihad to deliver programmes in new territories Bengaluru and Kolkata.

The City Football Academy (CFA) welcomed children and young people from 26 different countries for the first ever City Football Language programme, using the global language of football to help teach English and improve football skills.

In May 2015, the first ever Manchester City FC Americas Cup took place in San Diego with 238 teams and more than 4,500 players. The tournament grew substantially in its second year: May 2016 saw 326 teams participating, comprising 5,700 boys and girls. Highlights included the U12 Academy team taking part and the Academy Director delivering a coaching symposium.

30 CFS coaches have been delivering a schools coaching development programme in nine Chinese provinces for 15,000 pupils each week, as part of a partnership with China's Ministry of Education that began in November 2015.

CFS works with a range of Club partners to deliver additional regional events. As part of Digicel's Kick Start initiative, CFS brought together some of the best U16 players in the Caribbean for a training experience. For Thai partner KFC, winners of the KFC Seven Shoot tournament in Thailand were offered a special train and play experience at the CFA with CFS.



5,500

young people who participated in City Football Schools in 8 countries in 2015-16



26 COUNTRIES

from which young players came for the inaugural City Football Language summer programme at the City Football Academy

×

×

15,000 PUPILS

who take part every week in the schools coaching development programme launched in China in November 2015



SUPPORTERS CLUBS

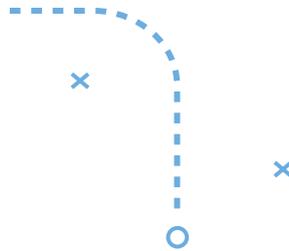


The relationship with Manchester City's Official Supporters Club was strengthened with the appointment of a Supporters Club Manager, responsible for the relationship with clubs in the UK and around the world, and providing a single point of contact for members to liaise with.

New tools were introduced, including an admin portal for local and international branches, and match screenings were held for fans in Beijing and Shanghai.

The Official Supporters Club has been a proud supporter of City in the Community since its inception, and this year raised £35,000 through fundraising events, and the donation that each member makes on signing up.

Supporters clubs around the world demonstrated their commitment to diversity, supporting City's Football v Homophobia campaign with activities and messages of support.



CITY IN THE COMMUNITY

Committed to using football as a tool to engage young people, City in the Community (CITC) is entering its 30th year, delivering a range of programmes focusing on three main areas: health, education and inclusion.

CITC received a record £1.65 million from various funding sources in 2015-16, including more than £100,000 raised by staff and fans through fundraising events and activities. This enabled it to deliver more programmes than ever before.

This season, CITC commissioned research on two programmes to assess their impact: Kicks (which targets social inclusion) and the award-winning disability football programme. The research showed a £1.98 and £1.63 return on investment per £1 invested for each programme respectively. 97% of participants reported that they enjoyed taking part in CITC programmes, 91% reported improved confidence and 84% felt connected to Manchester City as a result of taking part.

Alex Williams MBE, Community Ambassador, former Manchester City goalkeeper and former Managing Director of City in the Community, celebrated 25 years with the charity, and was awarded a special recognition award at the Northwest Football Awards in November 2015.

The Club supported more than 800 local good causes and charities in a variety of ways, including signed merchandise, bucket collections and working with wish-granting charities such as Make-a-Wish and Starlight Children's Foundation.

62 partner organisations attended the first ever CITC partner forum in March 2016, designed to bring together supporters of the community scheme and offer thanks for their support.

These community initiatives are recognised by fans. According to the annual Premier League match attender survey, 96% of City fans felt that the Club made a significant contribution to the local community, compared to a Premier League average of 73%.

£1.65 MILLION

Record amount raised, including private funding, sponsorship and donations from staff and supporters



35,000+

Number of people CITC worked with in Manchester



CITC IMPACT ANALYSIS

How two key CITC projects impacted their participants and the wider community

£1.63

Return on investment per pound invested

878

Number of individuals who took part in the programme over three years

CITC PAN DISABILITY FOOTBALL PROGRAMME



CITY IN THE COMMUNITY KICKS PROJECT

696

Fewer anti-social behaviour incidents in the areas around Kicks sites than expected



£1.98

Return on investment per pound invested



CITYZENS GIVING



Cityzens Giving returned for a second season, taking the total funding commitment in 2015 and 2016 by City Football Group and its partners to £1 million. In December 2015, a record 85,000 fans voted to help determine how the £400,000 grant fund would be allocated across six international Cityzens Giving projects.

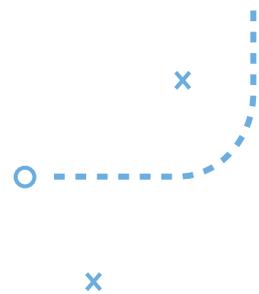
Cityzens Giving funds football-related projects run by young leaders in Manchester, New York, Melbourne, Kolkata, Cape Coast and São Paulo, along with ongoing projects from last year's campaign in Kuala Lumpur, Cape Town and Barranquilla. These projects have been created to tackle a diverse range of issues including unemployment, social inclusion and HIV/AIDS.

85,000
record number of fans voted



£1M
TOTAL FUNDING

commitment in 2015 and 2016 by City Football Group and its partners

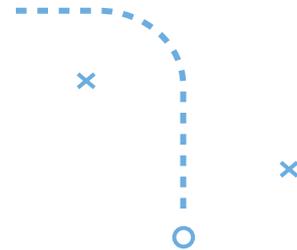


YOUNG LEADERS

In June 2015, the first Global Young Leader Summit was held at the City Football Academy, bringing young leaders from six cities around the world to Manchester for a week-long leadership and development programme.

The 30 under-25-year-olds came from Cityzens Giving projects in Manchester, Kuala Lumpur, Melbourne, New York, Barranquilla and Cape Town. They are currently delivering community football projects addressing a range of issues affecting young people, including gang crime, HIV/AIDS, obesity and inactivity.

The summit consisted of an experiential training programme designed to develop leadership and community football coaching skills, as well as sharing examples of how to use football to address social issues. Participants benefited from the leadership expertise of former rugby player Will Greenwood and Wimbledon champion Marion Bartoli. The programme culminated with the young leaders organising and delivering a football festival for 200 children from local primary schools.



EQUALITY AND DIVERSITY

Manchester City remains committed to tackling discrimination in any form and engages in activities year round to ensure the Etihad Campus remains a safe and welcoming place for all visitors.

The Club formed a new internal Equality Working Group to focus on equality and diversity-related issues and examine the best ways to promote best practice.

Over the course of the season, all Manchester City players have taken an active role in celebrating diversity in football. The following players have performed notable ambassadorial duties:

- Yaya Toure – Fare Network Ambassador
- Toni Duggan – Kick It Out ‘Next 20’ Ambassador
- Steph Houghton – UEFA Women’s Football Development Ambassador

City continued to work closely with Football v Homophobia (FvH) in 2015-16, and the initiative’s campaign launch was held at the Etihad Stadium in February 2016. The match against Spurs was the nominated game of action, with FvH delivering a workshop for City in the Community participants on breaking down barriers.

In April, the Club supported Level Playing Field’s Weeks of Action with match activations at City v West Brom, where City in the Community’s Down syndrome team formed a guard of honour as the teams walked out.

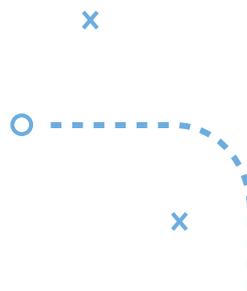
City in the Community run a number of football programmes for young people with disabilities, and this year the ‘One City’ disability football programme was formally recognised as the Northwest Football Awards ‘Community Initiative of the Year’.

The Club ran a series of workshops during Black History Month in October 2015, and continued to work with anti-discrimination organisations Kick It Out and the Fare Network.

A series of activities were held for International Women’s Day 2016, including community visits by Manchester City Women’s players, the announcement of Manchester City Women’s first ambassador Sylvia Gore MBE and a number of interactive internal staff events.

The Premier League’s match attender survey reported that 96% of female respondents agreed that the Club provided a safe and welcoming matchday environment for women.

As part of the European Club Association’s initiative ‘90 Minutes for Hope’, the Club donated €1 for every ticket sold in their first round Champions League match against Juventus along with all clubs in the UEFA Champions and Europa League group stages, collectively raising €1.3 million to support the refugee crisis.





OUR BUSINESS

OVERVIEW

Manchester City, as part of City Football Group, is proud to be part of a truly international sports and commercial organisation, committed to delivering world-class football performances, memorable experiences for fans, and sustainable commercial success.

In the 2015-16 season, the Club reported record £391.8 million revenues and a second consecutive annual profit, while continuing to operate with zero financial debt.

City Football Group's commercial arm, City Football Marketing, has continued to grow and evolve, with new in-market offices providing tailored knowledge and experience for clubs, partners and fans.

The Premier League match attender survey reported that 99% of Manchester City fans believe the Club is heading in the right direction, and 98% that the Club has a long-term vision.

Manchester City's brand value was reported as \$905 million by Brand Finance, an increase of \$105 million from the previous year, putting the Club in fourth place in world football.

City's wage turnover ratio stands at 50%, a notable 5 percentage point reduction on the previous year.



Proportion of match attendees surveyed who agree with the following statements

98%

Has a long-term vision



99%

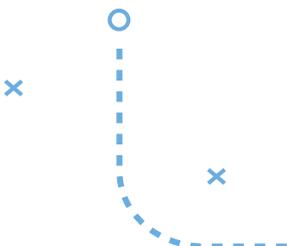
Heading in the right direction



MANCHESTER CITY REVENUE GROWTH

11% year-on-year increase in revenues in 2015-16

£391.8 MILLION



FINANCIAL PERFORMANCE

In the 2015-16 season, the Club reported its highest ever revenues, of £391.8 million. There was growth across all areas of the business. Most notably, matchday revenues rose by 21%, following the Etihad Stadium expansion, while broadcast revenues were up 19%, driven by City's progression to the semi-final of the UEFA Champions League.

The Club hosted a total of 28 games at the Etihad Stadium this season, with record attendances as a result of the expanded stadium, and a corresponding uplift in matchday revenue.

On 1 December 2015, the consortium of CMC Holdings and CITIC Capital invested US\$400 million to take a shareholding of just over 13% in City Football Group. The deal values City Football Group at US\$3 billion.

The investment by CMC and associated activities in China presents an unrivalled opportunity in the region, and Manchester City's expanded commercial presence in China has already delivered results.

CITY'S NET PROFIT/(LOSS)

Manchester City profitable for the second year running



£391.8
MILLION

revenue in 2015-16



11%

year-on-year increase

**SECOND BIGGEST
PREMIER LEAGUE
CLUB IN THE
DELOITTE
FOOTBALL
MONEY LEAGUE
2016 IN TERMS
OF REVENUE**



RETAIL

The Club's licensing programme was brought in-house in 2015-16, resulting in a significant uplift in the number and geographical spread of licensees. In line with a more customised global approach across the Club's activities, City fans in more than 40 countries can now access unique products and merchandise from 85 different licensees.

In July 2015, a dedicated e-commerce platform was launched for supporters in Asia, providing a faster and more localised experience, including dedicated language sites in traditional and simplified Chinese, Korean, Japanese, Indonesian and Thai.

In a first for UK football, Manchester City Women were the first City team to wear the 2015-16 kit at their game against Birmingham City on 12 July, a month before the men's team.

In a humorous Christmas campaign, including a mock photo of a team Christmas dinner, the ever popular City Christmas jumpers were relaunched with an additional feel-good incentive for the 2015 festive period – the Club donated £5 to Cityzens Giving for every jumper sold – amounting to an additional donation of over £40,000.



PARTNERS

City focused its efforts on deepening engagement with partners, with enhanced benefits for fans and significant impact for Club partners. The opening of new offices in China and Singapore was an important part of the Club's growth strategy, enabling deeper and more personalised engagement with fans and partners all over the world.

With an expanded commercial presence in the region, City welcomed relationships with six new Chinese partners: Whaley, Soccer World, PAK Lighting, Wolf Blass, Tencent and DiDi.

Major new partnerships for Manchester City included Nexen Tire as Official Tyre Partner, and Betsafe as Official Betting Partner. City Football Group (CFG) welcomed Wix.com as Official Website Design & Hosting Partner, and in March global recruitment company Hays extended their relationship with City Football Group for a further three years.

SAP

INTEGRATION, FAN ENGAGEMENT AND CONTENT CREATION

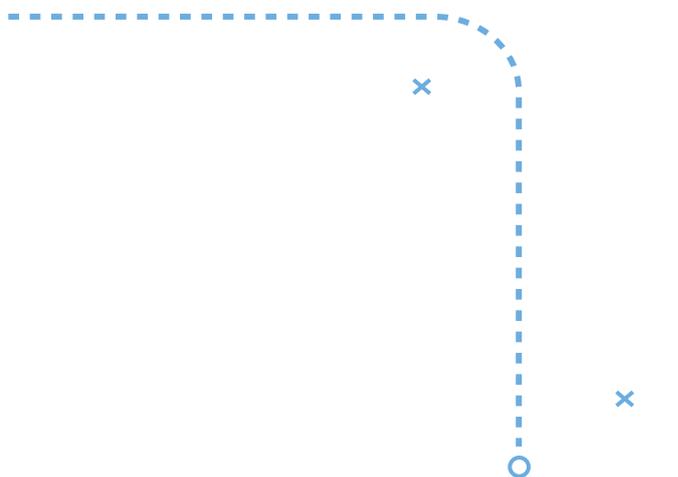
In July 2015, SAP SE and City Football Group (CFG) announced a global, multi-year marketing and technology partnership designed to transform the way the Group and its football teams operate and perform, from the boardroom to the pitch.

The partnership will see the implementation of a range of cloud-based solutions powered by the SAP HANA platform, helping to simplify the Group's worldwide operations, increase productivity and enhance the fan experience.

As part of the partnership with Manchester City, SAP created interactive installations within the Etihad Stadium and City Football Academy, bringing real-time analytics and insights to life for fans attending games.

CFG has begun to utilise a variety of cloud and business analytics solutions from SAP and City Football Services is now exploring ways to co-innovate with SAP in talent management, football performance and human performance.

Both organisations recognised the opportunity to bring two innovative, global brands together to transform the way that technology is used in sports.



PARTNERS

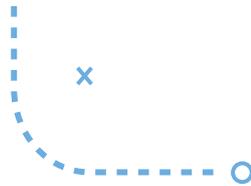
HAYS

MODELLING INTANGIBLE IMPACT AND RENEWAL

Hays, the Club's Official Recruitment Partner, this year renewed its association with the Club for another three years. Whilst a key objective of the original partnership was brand awareness, Hays have now become a more established and recognised brand in the UK, and as part of the renewal Hays challenged the Club to demonstrate how the partnership had delivered return on investment beyond media exposure and traffic.

The Club worked closely with Hays to aggregate data sources and understand and quantify the true impact on Hays' business drivers; awareness, perception, consideration and usage. Through data analysis, a model was built that merged Hays' data and external data to determine top line impact, extracting key insights into differences based on demographics, occupation, brand awareness and team allegiances.

The results of the business impact in the UK amongst Hays' target demographic demonstrated a tangible increase in awareness, consideration and usage.



x



ETIHAD AIRWAYS

CONTINUED DIGITAL ENGAGEMENT

In January 2016, Manchester City and Etihad Airways hit the road again for the return of their branded video content series, Global City Fans. This time they visited four new locations in search of the most passionate and loyal City fans – Mumbai, Seoul, Johannesburg and Los Angeles – before returning to Manchester for the season finale with some familiar faces from across the series.

Replicating the success of season one, the five-part series received over 4 million views and nearly 1 million engagements, and Global City Fans continues to be one of Etihad's most exciting partnership projects with the Club. The series has generated over 9 million views in total, with an average viewing time of four minutes.



ETIHAD STADIUM

Construction of the Etihad expansion was completed as scheduled in August 2016 after an intensive 18-month build that took place around 34 home games, three One Direction concerts and the Rugby League Magic Weekend, and was carefully designed to minimise disruption for fans over this period.

EXPANSION

A test event, required for the stadium to obtain its safety certificate, was held for 7,000 fans. This successful event had the dual benefit of raising more than £15,000 for City in the Community’s disability football programme. This money was used to purchase new powerchairs for weekly use by City in the Community participants at the City Football Academy.

City’s commitment to sustainability was ever present, with the stadium forecast to achieve a BREEAM Very Good rating, and a new modal plan was implemented, designed to improve travel behaviour. This included a new walking route, a larger bus station, a wider cycle route and more bus parking.

The Club consistently emphasised its commitment to local people and businesses over the course of the stadium expansion project, from consultation through to delivery. As with all previous infrastructure projects, strict targets for local employment and local procurement were met, apprenticeships were created for local people and members of the local community were the first to receive a tour of the newly expanded stadium. Community use

of the stadium has also increased in line with the larger capacity. Throughout the build, the Club held regular meetings with local residents and business groups, and these have continued since the new seating areas were opened.

HOSPITALITY

As demand for general admission tickets increased, so too did the demand for premium experiences. Joe’s and 93:20 were created in response to this demand, and achieved a sell out and 83% capacity respectively.

In the Visit Football survey commissioned by the Premier League, Manchester City was rated in second place overall (up from third place last season). It was in first place for hospitality, for the third year running.

The Club has developed a number of new hospitality experiences, including an Access All Areas VIP experience, and the ‘City in the City’ train service for fans travelling from London in partnership with Virgin Trains – a City fan-only train, with former players in attendance and travel discounts.

NON-MATCHDAY EVENTS

The Etihad Stadium played host to its first ever international rugby union match as part of the Rugby World Cup 2015 in October, when England took on Uruguay in front of a sell-out crowd.

For the first time in a number of years, the Etihad Stadium did not host any concerts as it entered the final stage of the expansion programme.



YEAR ONE

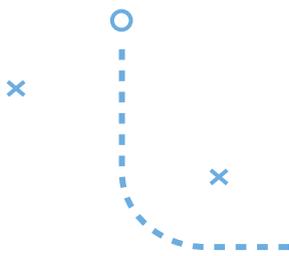


In December 2015, the Club celebrated its first full year in the City Football Academy with a series of staff activities and coverage across key media outlets.

In February, the Manchester Institute of Health & Performance (MIHP) officially opened its doors. The facility, situated on the Etihad Campus, is designed to create a world-class environment for diagnosis, education and research in health and performance for a range of sports.

MIHP provides services and programmes to a variety of elite athletes based in Manchester, including Manchester City players, and will work to enhance amateur and grassroots sports in the region, as well as contributing to the improvement of public health within the local community.

An independent economic analysis of the value of investment made by City and Manchester City Council in developing the City Football Academy was commissioned. The report, to be published in full later in 2016, found that £206 million would be saved in public value benefits over the next decade resulting from permanent jobs created, visitor expenditure, improved educational attainment and health benefits.



£206 MILLION

saved in public value benefits over the next decade

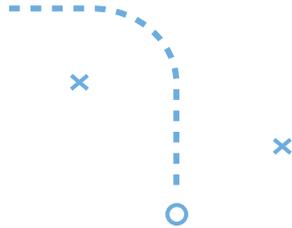


A GREAT PLACE TO WORK

This season, City Football Group won a place in the UK Top 30 best places to work. City Football Group was the only sports company to make the Top 30 in the 'Large Workplaces' category, with 95% of staff reporting a sense of pride in what the organisation accomplishes.

TOP 30

The only sports company recognised in the "Best Large Workspaces" category by the Great Place to Work Institute



Manchester City has developed a relationship with Job Centre Plus to provide opportunities for more local people to join the Club, with the intention of attracting young people, the long-term unemployed and people with disabilities.

The City Football Academy played host to the Football HR Forum, an informal network open to HR professionals from all league clubs designed to share good practices and discuss common challenges.

A new global intranet was launched with Club partner SAP, connecting City staff in offices across the world via a single platform.

A new initiative, City on Loan, was introduced, allowing staff to experience time working in different departments in order to gain a more rounded view of the organisation.

80 staff took part in the TriCity event, raising £8,000 for City in the Community from a staff triathlon.



PHYSICAL ENVIRONMENT

The Club's physical environment has changed dramatically in recent years, most notably as a result of the development of the Etihad Campus and the City Football Academy.

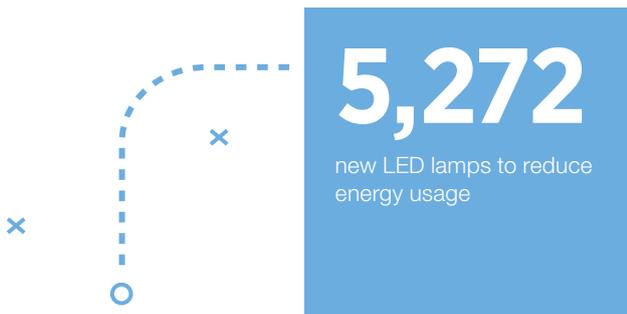
The Club is proud to report the return of butterflies, moths and birds, and early evidence of dormice, to a previously polluted site in East Manchester.

LED lighting was introduced at the stadium in June 2015, which meant the installation of 5,272 new LED lamps. This and other investments in to new infrastructure and technology has resulted in a reduction in energy use at the Etihad Stadium of almost one-million kw hours.

The Club's focus on waste reduction continues, with 0% of waste to landfill.

Members of a local primary school, St Brigid's, visited Manchester City to learn about soil pollution so that they could consider ways to cultivate their own produce as part of the Manchester Environmental Education Network.

A new waste to water system was installed, meaning all waste water from grounds activities is recycled and reused at the City Football Academy and Etihad Stadium.



FINANCIAL REPORT

DIRECTORS AND ADVISORS

DIRECTORS

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

COMPANY SECRETARY

S Cliff

REGISTERED OFFICE

City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ

BANKERS

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

AUDITORS

BDO LLP, 3 Hardman Street, Manchester M3 3AT

The Board of Directors comprises:

KHALDOON AL MUBARAK, CHAIRMAN

Khaldoon Al Mubarak was appointed to the Board in September 2008. Mr Al Mubarak is currently Group CEO and Managing Director of Mubadala Development Company. He also serves as Chairman of the Executive Affairs Authority of Abu Dhabi, Chairman of Emirates Nuclear Energy Corporation and Chairman of Emirates Global Aluminium. He is also a Board Member of the Abu Dhabi Supreme Petroleum Council.

MARTIN EDELMAN, MEMBER OF THE BOARD

Martin Edelman was appointed to the Board in September 2008. He is also Vice Chairman of New York City FC. Since June 2000, he has been Of Counsel to Paul Hastings, Janofsky & Walker 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, Advanced Micro Devices, BXMT and Aldar. He is also on the Advisory Board at Columbia University's Business School. Mr Edelman works on behalf of several philanthropic initiatives and is on the boards of the Jackie Robinson Foundation, Intrepid Fallen Heroes Fund, Fisher Alzheimer Center and Tribeca Film Institute.

SIMON PEARCE, MEMBER OF THE BOARD

Simon Pearce was appointed to the Board in September 2008. He is also Vice Chairman of Melbourne City FC. In 2006, Mr Pearce joined the Executive Affairs Authority of Abu Dhabi, and currently serves as special Advisor to the Chairman. He is also a Board Member of Abu Dhabi Motorsport Management, operator of Yas Marina Circuit and home of the F1 Etihad Airways Abu Dhabi Grand Prix, and a Board Member of Manchester Life Development Company.

MOHAMED AL MAZROUEI, MEMBER OF THE BOARD

Mohamed Al Mazrouei was appointed to the Board in January 2010. Since April 2008, Mr Al Mazrouei has served as the Undersecretary of the Crown Prince Court of Abu Dhabi. He is 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.

STRATEGIC REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and Auditors' report, for the year ended 31 May 2016.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The 2015-16 season saw Manchester City ('the Club') continue its upward trajectory since its 2008 acquisition by the Abu Dhabi United Group Investment and Development Ltd, with the reporting of improved year-on-year financial performance for the eighth successive season.

Progression to the UEFA Champions League semi-final for the first time in the Club's history, a top four Premier League finish and the winning of the Capital One Cup together with improved off the field performance, led to the posting of a second consecutive bottom line profit, which, for the 2015-16 season, is recorded at £20.5m.

The Club generated £391.8m in revenue – an 11% overall increase on the previous season- with growth in all three revenue categories. Matchday revenue increased by 21% to £52.5m, broadcasting revenue was up 19% to £161.4m and commercial revenue grew 3% to £177.9m.

The increase in matchday revenue of 21% was driven by an extended UEFA Champions League campaign, and increased average attendance at Premier League home games as a result, in large part, of the expansion of the Etihad Stadium. Average attendance at the 19 home Premier League games increased by more than 8,000 per game to 54,041. It is notable that the South Stand expansion – a challenging infrastructure project – was completed on time and with minimum disruption to our fans and staff.

Broadcasting revenue increased significantly, in large part due to the Club's most successful UEFA Champions League campaign to date, which ended with a two-legged semi-final tie with Real Madrid. This progression in the tournament demonstrated the strength of the squad and the Club's ability to compete at the highest level in both domestic and European club competitions.

The Club continues to be committed to controlling wage costs and has recorded a healthy wage/revenue ratio at 50% in 2015-16, among the best in the football industry. Furthermore, the Club has net assets of more than £677m and continues to operate with zero financial debt.

Development of homegrown talent is an important part of the Club's long-term plan for continued sustainability. This season, the Club celebrated its first full year in the City Football Academy with visible signs of early successes. Eight players from the Academy and Elite Development Squads made their first team debuts, and the youth Academy squads achieved a record number of 15 titles across all age groups.

The 2015-16 season also marked important milestones in the evolution of the Club on and off the field. In January 2016 a new badge was revealed, designed in consultation with Cityzens members, a new website – mancity.com – was launched and in February 2016, the Club announced its new first team manager, Pep Guardiola.

The Club goes in to the 2016-17 new season with world class coaches, an expanded stadium and best in class facilities to cater for all of our teams across all age groups, all of which are supported by the most stable of financial foundations and a continued drive for further growth.

The Club measures key performance against the following indicators:

Key performance indicator	Result
First team performance – Premier League finishing position	4th place
First team performance – UEFA Champions League	Semi-final
Employee costs/revenue	50%
Average league home attendance	54,041
Commercial revenue – year-on-year growth	3%
Profit on player trading	£20.7m

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.

By order of the Board

J MacBeath

Director

16 September 2016

DIRECTORS' REPORT

DIRECTORS

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

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

RESULT FOR THE YEAR

The profit for the financial year was £20,483,000 (2015: £10,540,000). The Directors do not propose a dividend (2015: £nil).

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions. Donations to UK charities amounted to £2,673,025 (2015: £2,041,724). This amount includes £1.9m 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.

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 year. Under that law the Directors have elected to prepare the Group and Company 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 Group and Company, and of the profit or loss of the Group 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;
- 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.

WEBSITE PUBLICATION

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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

J MacBeath
Director
16 September 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANCHESTER CITY LIMITED

We have audited the financial statements of Manchester City Limited for the year ended 31 May 2016 which comprise the consolidated profit and loss account, the consolidated and Company balance sheets, the statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 May 2016 and of the Group's 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Julien Rye (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
Manchester
11 October 2016

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2016

	Note	Operations excluding player trading Year ended 31 May 2016 £000	Player trading Year ended 31 May 2016 £000	Total Year ended 31 May 2016 £000	Total Year ended 31 May 2015 £000
Turnover	4	391,774	–	391,774	351,766
Other operating income	5	800	–	800	800
Operating expenses	5	(295,821)	(93,952)	(389,773)	(350,209)
Operating profit/(loss)		96,753	(93,952)	2,801	2,357
Profit on disposal of players' registrations		–	20,714	20,714	12,910
Profit/(loss) before interest and taxation		96,753	(73,238)	23,515	15,267
Interest receivable and similar income	8	1,637	–	1,637	465
Interest payable and similar charges	9	(996)	–	(996)	(1,405)
Stadium finance lease charges		(4,567)	–	(4,567)	(4,167)
Profit/(loss) on ordinary activities before taxation		92,827	(73,238)	19,589	10,160
Taxation	10	894	–	894	380
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		93,721	(73,238)	20,483	10,540

The results for both periods are from continuing operations. The Company does not have any other comprehensive income; therefore, a statement of other comprehensive income has not been presented.

The notes on pages 49 to 72 form part of these financial statements.

BALANCE SHEETS

AS AT 31 MAY 2016

Registered number: 2989498

	Note	Group		Company	
		2016 £000	2015 £000	2016 £000	2015 £000
Fixed assets					
Intangible assets	12	268,648	194,077	-	-
Tangible assets	13	398,549	393,608	-	-
Investments	14	-	-	677,120	656,637
		667,197	587,685	677,120	656,637
Current assets					
Assets held for sale	15	-	3,000	-	-
Debtors – amounts falling due within one year	16	202,448	173,932	-	-
Debtors – amounts falling due after more than one year	16	13,620	24,968	-	-
Derivative financial instruments		-	490	-	-
Cash at bank and in hand		55,818	74,752	-	-
		271,886	277,142	-	-
Creditors					
Derivative financial instruments		(353)	-	-	-
Creditors – due within one year	17	(122,330)	(97,959)	-	-
Deferred income – due within one year	20	(37,992)	(25,172)	-	-
NET CURRENT ASSETS		111,211	154,011	-	-
TOTAL ASSETS LESS CURRENT LIABILITIES		778,408	741,696	677,120	656,637
Creditors – due after more than one year					
Deferred income – due after more than one year	20	-	(1,028)	-	-
Deferred tax liabilities	21	(8,043)	(8,937)	-	-
NET ASSETS		677,120	656,637	677,120	656,637
Capital and reserves					
Called up share capital	22	65,115	65,115	65,115	65,115
Share premium account		1,232,393	1,232,393	1,232,393	1,232,393
Profit and loss account		(620,388)	(640,871)	(620,388)	(640,871)
SHAREHOLDERS' FUNDS		677,120	656,637	677,120	656,637

The notes on pages 49 to 72 form part of these financial statements.

These financial statements were approved by the Board of Directors on 16 September 2016 and were signed on its behalf by:

J MacBeath

Director

STATEMENT OF CHANGES IN EQUITY

GROUP

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
As at 31 May 2015	65,115	1,232,393	(640,871)	656,637
Profit for the year	–	–	20,483	20,483
AS AT 31 MAY 2016	65,115	1,232,393	(620,388)	677,120

COMPANY

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
As at 31 May 2015	65,115	1,232,393	(640,871)	656,637
Reversal of impairment	–	–	20,483	20,483
AS AT 31 MAY 2016	65,115	1,232,393	(620,388)	677,120

The notes on pages 49 to 72 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY 2016

	Note	Year ended 31 May 2016 £000	Year ended 31 May 2015 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	70,460	102,892
Return on investments and servicing of finance			
Interest paid		(7)	(652)
Interest element of finance lease payments		(3,494)	(4,437)
Interest received		332	30
NET CASH OUTFLOW FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE		(3,169)	(5,059)
Capital expenditure			
Purchase of player registrations		(130,864)	(84,878)
Sale of intangible fixed assets		58,519	18,735
Purchase of other intangible assets		(24)	–
Purchase of tangible fixed assets		(18,088)	(62,324)
Sale of tangible fixed assets		3,694	–
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(86,763)	(128,467)
NET CASH OUTFLOW BEFORE FINANCING		(19,472)	(30,634)
Financing			
Issue of shares		–	84,300
Loan capital repaid		–	–
Capital element of finance lease rental payments		(330)	(315)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(330)	83,985
MOVEMENT IN CASH IN THE YEAR	26	(19,802)	53,351
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		74,752	21,401
Exchange gains on cash and cash equivalents		868	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		55,818	74,752

The notes on pages 49 to 72 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 – AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of Manchester City Limited (the 'Group' and the 'Company') for the year ended 31 May 2016 were authorised for issue by the Board of Directors and the balance sheet was signed on the Board's behalf by J MacBeath on 16 September 2016. Manchester City 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. The principal activities of the Group 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 (£000) 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 Group meets the definition of a qualifying entity under FRS 100 issued by the FRC. Accordingly, in the year ended 31 May 2016, the Group has undergone transition from UK Generally Accepted Accounting Practice ('UK GAAP') to FRS 101 'Reduced Disclosure Framework' as issued by the FRC. The Group 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. Transition tables showing all material adjustments are disclosed in note 31.

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

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

The requirements of paragraph 17 of IAS 24 Related party disclosures.

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

The requirements in IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of 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 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of assets.

Based on this undertaking 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 June 2015 and adopted by the Group

Annual improvements 2010-2012 and 2011-2013 cycles are a collection of amendments to standards as part of the IASB programme of annual improvements. The standards impacted are listed below:

- Amendments to IFRS 3 (revised 2008) Business combinations
- Amendments to IFRS 13 Fair value measurement
- Amendments to IAS 16 Property, plant and equipment
- Amendments to IAS 24 Related party transactions
- Amendments to IAS 38 Intangible assets
- Amendments to IAS 40 Investment property

New and amended standards and interpretations adopted early

No standards have been adopted early by the Group.

New and amended standards and interpretations issued but not yet effective

- Amendments to IFRS 5 Non-current assets held for sale and discontinued operations
- Amendments to IFRS 7 Financial instruments: disclosures
- Amendments to IFRS 10 Consolidated financial statements
- Amendments to IFRS 11 Joint arrangements
- Amendments to IFRS 12 Disclosure of interests in other entities
- Amendments to IAS 1 Presentation of financial statements
- Amendments to IAS 16 Property, plant and equipment
- Amendments to IAS 19 Employee benefits
- Amendments to IAS 27 (revised 2011) Separate financial statements
- Amendments to IAS 28 (revised 2011) Investments in associates and joint ventures
- Amendments to IAS 38 Intangible assets
- IFRS 9 Financial instruments: classification and measurement
- IFRS 15: Revenue from contracts with customers
- IFRS 16: Leases

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group's profit

and loss account, 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 Group and its subsidiary undertakings up to 31 May 2016. The acquisition method of accounting has been adopted.

FOREIGN CURRENCY TRANSLATION

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

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 profit and loss account 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 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 Group's principal activities, excluding Value Added Tax, other sales taxes and transfer fees. The Group's principal revenue streams are matchday income, TV broadcasting income, commercial activities relating to the Group and donations. The Group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when specific criteria have been met for the principal activities described below.

MATCHDAY

Matchday revenue is based on men's football matches played by the clubs within the Group 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 Group's share of gate receipts from domestic cup matches not played at the Etihad Stadium and revenue generated from pre-season tours. The share of gate receipts payable to the opposition club and competition organiser for domestic cup matches held at the Etihad Stadium is recognised as an operating expense once the match has been played.

Matchday 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 Champions League include market pool payments recognised over the matches played and fixed amounts for participation in individual matches recognised when matches are played. Distributions relating to team performance are recognised only when the outcome is certain.

OTHER COMMERCIAL

Other commercial revenue includes revenue derived from the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCRUED AND DEFERRED INCOME

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

Turnover 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 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.

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 Group 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.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

LEASES

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in 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 profit and loss 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 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 profit and loss 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 de-recognition 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.

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

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

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

INTANGIBLE ASSETS

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

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

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

PLAYERS' REGISTRATIONS AND FOOTBALL STAFF REMUNERATION

INITIAL RECOGNITION

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

RENEGOTIATION

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

IMPAIRMENT

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 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 – SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 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 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.

FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

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

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

SUBSEQUENT MEASUREMENT

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

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivatives used to hedge documented risks are initially recognised at fair value on the date of inception and subsequently measured at fair value at the end of each period. Subsequent changes in fair value are recognised depending on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges in order to hedge future cash flows denominated in foreign currencies. The Group had no designated hedges in place at 1 June 2014 or 31 May 2015 relating to future income recognised up to and including the year ended 31 May 2016.

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

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to 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 EIR 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.

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 Group. 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 EIR method.

PENSION COSTS

The Group is one of a number of participating employers of The Football League Limited Pension and Life Assurance Scheme which has been closed for new employees. The Group is unable to identify its share of the assets and liabilities of the scheme. As such, the Group's contributions into the scheme are recognised in profit and loss when they fall due.

The Group also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group's contributions into this scheme are recognised in 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 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 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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.

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 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.

DEBTOR RECOVERABILITY

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

4 – TURNOVER

	Year ended 31 May 2016 £000	Year ended 31 May 2015 £000
Matchday	52,523	43,330
Broadcasting – UEFA	61,242	32,860
Broadcasting – All Other	100,139	102,566
Other commercial activities	177,870	173,010
	391,774	351,766

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 PROFIT/(LOSS)

	Year ended 31 May 2016 £000	Year ended 31 May 2015 £000
Other operating income		
Other operating income	800	800
	800	800
Operating expenses		
Direct cost of sales and consumables	8,801	6,406
Remuneration of Auditors and its associates:		
Audit fees	47	46
Tax services	18	11
Other services	50	62
Hire of other assets – operating leases	63	118
Capital grants released and amortised	(132)	(170)
Other external charges	76,929	69,223
Staff costs (Note 7)	197,584	193,821
Amortisation of player registrations	93,952	70,166
Amortisation of other intangibles	8	355
(Profit)/loss on disposal of fixed assets	(189)	1,719
Depreciation of tangible fixed assets:		
Owned	9,659	6,258
Leased	2,983	2,194
	389,773	350,209
Operating profit		
Operating profit before player trading	96,753	72,523
Amortisation of player registrations	(93,952)	(70,166)
	2,801	2,357

6 – DIRECTORS REMUNERATION

	Year ended 31 May 2016 £000	Year ended 31 May 2015 £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 year (2015: £nil) and no Company pension contributions were made (2015: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7 – EMPLOYEES

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

Average number of employees	2016	2015
Football staff – including players	150	145
Commercial/administration staff	170	175
	320	320

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	174,360	168,718
Social security costs	22,606	24,562
Other pension costs	618	541
	197,584	193,821

8 – INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 May 2016 £000	Year ended 31 May 2015 £000
Bank interest	544	465
Other	1,093	–
	1,637	465

9 – INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 May 2016 £000	Year ended 31 May 2015 £000
Bank loans and overdrafts	996	1,400
Other loans	–	5
	996	1,405

10 – TAXATION

(A) ANALYSIS OF THE TAX CREDIT IN THE YEAR:

	Year ended 31 May 2016 £000	Year ended 31 May 2015 £000
Current tax		
UK corporation tax at 20% (2015: 21%) on profits for the year	–	–
Adjustments in respect of prior years	–	(380)
TOTAL CURRENT TAX CREDIT	–	(380)
Deferred tax		
Impact of change in UK corporation tax rate	(894)	–
TOTAL DEFERRED TAX CREDIT	(894)	–
TOTAL TAX CREDIT	(894)	(380)

(B) FACTORS AFFECTING TAX CREDIT FOR THE YEAR:

The tax credit for the year varies from the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	Year ended 31 May 2016 £000	Year ended 31 May 2015 £000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	19,589	10,160
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	3,918	2,117
Effects of:		
Expenses not deductible for tax purposes	254	87
Fixed asset timing differences	2,187	332
Other permanent differences	429	497
Additional deduction for land remediation expenditure	–	(10)
Tax losses utilised in the period	–	(2,870)
Adjustments in respect of prior periods	–	(380)
Differences between capital allowances and depreciation	–	30
Adjustments to deferred tax balances	11,472	(117)
Deferred tax not recognised	(18,138)	–
Tax rate difference arising on revaluation of stadium	(894)	–
Income not taxable for tax purposes	(122)	(66)
TOTAL TAX CREDIT FOR THE YEAR	(894)	(380)

The Company has corporation tax losses available for carry forward of approximately £503 million (2015: £577) million).

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 – COMPANY RESULTS

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Company profit for the year includes a profit after tax of £20,483,000 (2015: £10,540,000) which is dealt with in the financial statements of the parent company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12 – INTANGIBLE FIXED ASSETS

Group	Other intangibles £000	Player registrations £000	Total £000
Cost			
As at 31 May 2015	1,470	410,138	411,608
Additions	24	175,332	175,356
Disposals		(62,057)	(62,057)
AS AT 31 MAY 2016	1,494	523,413	524,907
Amortisation			
As at 31 May 2015	1,252	216,279	217,531
Charge in the year	8	93,952	93,960
Disposals	–	(55,232)	(55,232)
AS AT 31 MAY 2016	1,260	254,999	256,259
Net book value			
AS AT 31 MAY 2016	234	268,414	268,648
As at 31 May 2015	218	193,859	194,077

13 – TANGIBLE FIXED ASSETS

Group	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 31 May 2015	184,814	1,594	141,239	46,293	41,169	415,109
Additions	236	–	8,385	3,448	6,019	18,088
Disposals	(175)	–	–	–	(1,283)	(1,458)
Reclassification	(7,903)	–	46,561	(47,349)	8,691	–
AS AT 31 MAY 2016	176,972	1,594	196,185	2,392	54,596	431,739
Depreciation						
As at 31 May 2015	1,328	124	5,657	–	14,392	21,501
Charge for the year	2,669	56	2,927	–	6,990	12,642
Disposals	(70)	(35)	–	–	(848)	(953)
Reclassification	(199)	–	9	–	190	–
AS AT 31 MAY 2016	3,728	145	8,593	–	20,724	33,190
Net book value						
AS AT 31 MAY 2016	173,244	1,449	187,592	2,392	33,872	398,549
As at 31 May 2015	183,486	1,470	135,582	46,293	26,777	393,608

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 IFRSs, 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.

14 – FIXED ASSET INVESTMENTS

Company	Shares in Subsidiary Undertakings £000
Cost	
As at 1 June 2015	1,303,490
Additions	–
AS AT 31 MAY 2016	1,303,490
Provision	
As at 1 June 2015	646,853
Additions	–
Reversal of impairment	(20,483)
AS AT 31 MAY 2016	626,370
Net book value	
AS AT 31 MAY 2016	677,120
As at 1 June 2015	656,637
Subsidiary undertakings	Principle activities
Manchester City Football Club Limited	Professional football club
Manchester City Investments Limited*	Dormant company
	Proportion of voting rights and share capital held
	100%
	100%

All companies are incorporated in England and Wales.

* denotes indirect investments.

15 – ASSETS HELD FOR SALE

The Group classified a training facility as held for sale from the point at which management was committed to selling the facility. At this date, the facility was reclassified as held for sale in current assets and measured at fair value (being the selling price less cost to sell) as the sale was highly probable and the facility was in a condition that would mean it could be sold immediately. The reclassification occurred in a prior year as a GAAP conversion adjustment as UK GAAP does not require assets to be classified as held for sale. See note 31 for further details.

The loss upon reclassification recognised in the 1 June 2014 brought forward reserves was £1,281,000. The sale was completed in the year ended 31 May 2016.

There are no discontinued operations associated with the sale of the facility as the operations have continued elsewhere.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16 – DEBTORS

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Amounts falling due within one year				
Trade debtors	65,498	32,584	–	–
Debtors arising from player transfers	26,129	41,486	–	–
Amounts owed by group undertakings (Note 28)	46,146	39,810	–	–
Amounts owed by related party undertakings (Note 28)	206	–	–	–
Other debtors	23	21	–	–
Prepayments and accrued income	64,446	60,031	–	–
	202,448	173,932	–	–
Amounts falling due after more than one year				
Trade debtors	–	5,625	–	–
Debtors arising from player transfers	13,299	18,813	–	–
Other debtors	321	530	–	–
	13,620	24,968	–	–
TOTAL DEBTORS	216,068	198,900	–	–

The fair values of the above trade and other debtors 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.

17 – CREDITORS: DUE WITHIN ONE YEAR

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Obligations under finance leases (Note 19)	347	331	–	–
Trade creditors	5,142	2,801	–	–
Creditors arising from player transfers	49,409	19,871	–	–
Amounts owed to group undertakings (Note 28)	289	101	–	–
Amounts owed to related party undertakings (Note 28)	611	5,105	–	–
Other creditors including tax and social security	17,212	13,720	–	–
Accruals	49,320	56,030	–	–
	122,330	97,959	–	–

18 – CREDITORS: DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Obligations under finance leases (Note 19)	66,323	66,669	–	–
Creditors arising from player transfers	26,922	8,425	–	–
	93,245	75,094	–	–

19 – BORROWINGS

	Group	
	2016 Total £000	2015 Total £000
Maturity of debt:		
Within one year	347	331
Between one and two years	365	347
Between two and five years	1,210	1,151
After more than five years	64,748	65,171
	66,670	67,000

FINANCE LEASES

Obligations under finance leases include future obligations under the lease of the Etihad Stadium. Details are provided within note 13.

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

	2016 £000	2015 £000
Within one year	3,550	3,550
In the second to fifth year	14,200	14,200
Over five years	153,825	157,375
Less future finance charges	(104,905)	(108,125)
	66,670	67,000

20 – DEFERRED INCOME

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Within one year:				
Deferred income	37,992	25,127	-	-
Deferred credit for capital grants	-	45	-	-
	37,992	25,172	-	-
More than one year:				
Deferred income	-	-	-	-
Deferred credit for capital grants	-	1,028	-	-
		1,028	-	-
TOTAL DEFERRED INCOME	37,992	26,200	-	-

DEFERRED CREDIT FOR CAPITAL GRANTS

The movements in deferred credit for capital grants during the year were as follows:

	£000
At 31 May 2015	1,073
Grants released in the year	(1,073)
31 MAY 2016	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21 – DEFERRED TAX

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

Group	Property revaluation £000	Total £000
At 31 May 2015	8,937	8,937
Credited to profit and loss account	(894)	(894)
AS AT 31 MAY 2016	8,043	8,043

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:

Group	2016 £000	2015 £000
Deferred tax liabilities	8,043	8,937

The Group has not recognised a deferred tax asset of £116.1m (2015: £132.3m) 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.

No deferred tax has been recognised in the Company.

22 – SHARE CAPITAL

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

	2016 £000	2015 £000
Issued and called up		
651,028,873 (2015: 651,028,873) Ordinary shares of 10p each – fully paid	65,103	65,103
20 (2015: 20) Ordinary shares of 10p each – 2.5p paid	–	–
49,998 (2015: 49,998) Redeemable deferred shares of £1 each – 25p paid	12	12
	65,115	65,115

No shares were issued during the year.

23 – 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 year amounted to £554,344 (2015: £476,914). As at 31 May 2016, contributions of £75,000 (2015: £76,000) due to the pension scheme were unpaid and recorded in current liabilities.

DEFINED BENEFIT SCHEME

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

The last actuarial valuation was carried out at 31 August 2014 where the total deficit on the on-going valuation basis was £21.8 million.

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

The Club currently pays total contributions of £63,857 per annum which increases at 5.0% per annum (first increase due as at 1 September 2016) and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 31 August 2022.

As at 31 May 2016, the present value of the Club's outstanding contributions (i.e. their future liability) is £396,313. This amounts to £65,272 (2015: £62,913) due within one year and £331,041 (2015: £330,265) due after more than one year.

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2014), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 – COMMITMENTS

OPERATING LEASES

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

Expiring:	2016 £000	2015 £000
Within one year	1	1
Within two and five years	–	–
After five years	–	–
	1	1

CAPITAL COMMITMENTS

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

	2016 £000	2015 £000
Contracted but not provided for	2,112	10,036

TRANSFER FEES PAYABLE

Additional transfer fees, signing on fees and loyalty bonuses of £123,390,000 (2015: £112,918,000) 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.

25 – RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2016 £000	2015 £000
Operating profit	2,801	2,357
Amortisation and impairment of players' registrations	93,952	70,166
Depreciation	12,642	8,452
Amortisation of other intangible assets	8	355
(Profit)/loss on sale of fixed assets	(189)	1,719
Fair value losses/(gains) on derivative financial instruments	843	(490)
(Increase)/decrease in debtors	(51,405)	36,419
Increase/(decrease) in creditors	12,881	(16,041)
Release and amortisation of grants	(1,073)	(45)
NET CASH INFLOW FROM OPERATING ACTIVITIES	70,460	102,892

26 – RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH/(DEBT)

	2016 £000	2015 £000
(Decrease)/increase in cash in the year	(19,802)	53,351
Net cash inflow from movement in debt	330	315
Movement in net debt resulting from cash flows	(19,472)	53,666
Exchange gains on cash	868	–
Opening net debt position	7,752	(45,914)
CLOSING NET (DEBT)/CASH POSITION	(10,852)	7,752

27 – ANALYSIS OF CHANGES IN NET CASH/(DEBT)

	As at 1 June 2015 £000	Cash flow £000	Exchange gains on cash £000	As at 31 May 2016 £000
Cash at bank and in hand	74,752	(19,802)	868	55,818
Movement in net cash position in the year	74,752	(19,802)	868	55,818
Debt due within one year	–	–	–	–
Debt due after one year	–	–	–	–
Net cash (excluding finance leases)	74,752	(19,802)	868	55,818
Finance leases	(67,000)	330	–	(66,670)
	7,752	(19,472)	868	(10,852)

28 – RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH SUBSIDIARIES OF CITY FOOTBALL GROUP LIMITED

Transactions during the year ended 31 May 2016 with New York City Football Club LLC, a fellow subsidiary of City Football Group Limited, consisted of loans totalling £13,000 (2015: £70,000), which are included in debtors due within one year and the provision of services of £4,000 (2015: £58,000).

TRANSACTIONS WITH BROOKSHAW DEVELOPMENTS LIMITED

During the year, tangible assets consisting of land and buildings with a net book value of £nil (2015: £2,158,000) were purchased from Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment and Development Ltd a balance of £611,000 (2015: £5,105,000) is included in creditors due within one year.

TRANSACTIONS WITH ABU DHABI UNITED GROUP INVESTMENT AND DEVELOPMENT LTD

During the year, costs of £206,000 (2015: £nil) were recovered from the ultimate parent company. A balance of £206,000 (2015: £nil) was included in debtors due within one year.

29 – EVENTS AFTER THE REPORTING DATE

Since the year-end the Club has entered into agreements to acquire the football registrations of Leroy Sané (from FC Schalke 04), John Stones (from Everton FC), Claudio Bravo (from FC Barcelona), Nolito (from RC Celta de Vigo), İlkay Gündoğan (from Borussia Dortmund), Oleksandr Zinchenko (from FC Ufa), Marlos Moreno (from Atlético Nacional), Gerónimo Rulli (from Deportivo Maldonado) and Gabriel Jesus (from Sociedade Esportiva Palmeiras). The football registrations of Seko Fofana (to Udinese Calcio), Florian Lejeune (to SD Eibar) and Stevan Jovetić (to FC Internazionale Milano) have been sold. The net expenditure on these transactions was approximately £158m.

30 – ULTIMATE PARENT COMPANY

As at the 31 May 2016 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 – RECONCILIATION OF EQUITY AND PROFIT BETWEEN UK GAAP AND FRS 101

These financial statements, for the year ended 31 May 2016, are the first the Group and Company has prepared in accordance with FRS 101. For periods up to and including the year ended 31 May 2015, the Group and Company prepared their financial statements in accordance with the previously extant UK GAAP.

Accordingly, the Group and Company have prepared financial statements which comply with FRS 101 applicable for periods ending on or after 31 May 2016, together with the comparative period data as at and for the year ended 31 May 2015, as described in the accounting policies. In preparing these financial statements, the Group and Company's opening balance sheet were prepared as at 1 June 2014, the date of transition to FRS 101. This note explains the principal adjustments made by the Group and Company in restating their UK GAAP balance sheets as at 1 June 2014 and its previously published UK GAAP financial statements as at and for the year ended 31 May 2015.

EXEMPTIONS APPLIED

IFRS 1 First-time adoption of international financial reporting standards allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

The Group and Company has applied the following exemptions:

The Etihad Stadium was carried in the balance sheet prepared in accordance with UK GAAP on the basis of the valuation performed on 31 May 2012 with additions recognised at cost thereafter. The Company has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.

ESTIMATES

The estimates as at 1 June 2014 and at 31 May 2015 are consistent with those made for the same dates in accordance with UK GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with FRS 101 reflect conditions at 1 June 2014, the date of transition to FRS 101 and as at 31 May 2015.

An explanation of how the transition from UK GAAP to FRS 101 has impacted the Company's balance sheet, profit and loss account and other comprehensive income is set out in the following tables and accompanying notes.

The cash flows have not been materially impacted by the transition and so have not been presented in this note.

Group reconciliation of equity as at 1 June 2014	UK GAAP £000	A £000	B £000	C £000	D £000	E £000	FRS 101 £000
Fixed assets							
Intangible assets	207,264	–	–	(81)	576	–	207,759
Tangible assets	346,310	–	(4,281)	–	(576)	–	341,453
Investments	–	–	–	–	–	–	–
	553,574	–	(4,281)	(81)	–	–	549,212
Current assets							
Assets held for sale	–	–	3,000	–	–	–	3,000
Debtors – amounts due within one year	176,956	–	–	–	–	–	176,956
Debtors – amounts due after more than one year	22,873	–	–	(318)	–	–	22,555
Cash at bank and in hand	21,401	–	–	–	–	–	21,401
	221,230	–	3,000	(318)	–	–	223,912
Creditors – due within one year	(116,984)	–	–	–	–	–	(116,984)
Deferred income – due within one year	(14,504)	–	–	–	–	–	(14,504)
NET CURRENT ASSETS	89,742	–	3,000	(318)	–	–	92,424
Total assets less current liabilities	643,316	–	(1,281)	(399)	–	–	641,636
Creditors – due after more than one year	(69,910)	–	–	81	–	–	(69,829)
Deferred income – due after more than one year	(1,073)	–	–	–	–	–	(1,073)
Deferred tax liabilities	–	–	–	–	–	(8,937)	(8,937)
NET ASSETS	572,333	–	(1,281)	(318)	–	(8,937)	561,797
Capital and reserves							
Called up share capital	61,139	–	–	–	–	–	61,139
Share premium account	1,152,069	–	–	–	–	–	1,152,069
Revaluation reserve	44,686	(44,686)	–	–	–	–	–
Profit and loss account	(685,561)	44,686	(1,281)	(318)	–	(8,937)	(651,411)
SHAREHOLDERS' FUNDS	572,333	–	(1,281)	(318)	–	(8,937)	561,797

A: Reclassification of revaluation reserve following management's decision to use the 31 May 2012 Etihad Stadium valuation (being the latest valuation performed at 31 May 2014) as deemed cost upon transition.

B: Reclassification to assets held for sale and adjustment to fair value of a training facility that management intended to sell within 12 months of the transition date. All operations linked to this facility continued at another site.

C: Adjustment to recognise deferred consideration of debtors and creditors arising from player transfers at fair value.

D: Reclassification of software and website development costs between tangible and intangible assets.

E: Recognition of deferred tax liability arising from the historical revaluation of the Etihad Stadium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 – RECONCILIATION OF EQUITY AND PROFIT BETWEEN UK GAAP AND FRS 101 CONTINUED

Company reconciliation of equity as at 1 June 2014	UK GAAP £000	A £000	B £000	C £000	FRS 101 £000
Fixed assets					
Intangible assets	–	–	–	–	–
Tangible assets	–	–	–	–	–
Investments	572,333	(1,281)	(318)	(8,937)	561,797
Deferred tax assets	–	–	–	–	–
	572,333	(1,281)	(318)	(8,937)	561,797
Current assets					
Debtors – amounts due within one year	–	–	–	–	–
Debtors – amounts due after more than one year	–	–	–	–	–
Cash at bank and in hand	–	–	–	–	–
	–	–	–	–	–
Creditors – due within one year	–	–	–	–	–
Deferred income – due within one year	–	–	–	–	–
NET CURRENT ASSETS	–	–	–	–	–
Total assets less current liabilities	572,333	(1,281)	(318)	(8,937)	561,797
Creditors – due after more than one year	–	–	–	–	–
Deferred income – due after more than one year	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–
NET ASSETS	572,333	(1,281)	(318)	(8,937)	561,797
Capital and reserves					
Called up share capital	61,139	–	–	–	61,139
Share premium account	1,152,069	–	–	–	1,152,069
Revaluation reserve	–	–	–	–	–
Profit and loss account	(640,875)	(1,281)	(318)	(8,937)	(651,411)
SHAREHOLDERS' FUNDS	572,333	(1,281)	(318)	(8,937)	561,797

A: Reduction in the value of the investment in Manchester City Football Club Limited as a result of the subsidiary's reclassification to assets held for sale and adjustment to fair value of a training facility that management intended to sell within 12 months of the transition date.

B: Reduction in the value of the investment in Manchester City Football Club Limited as a result of the subsidiary's adjustment to recognise deferred consideration of debtors and creditors arising from player transfers at fair value.

C: Reduction in the value of the investment in Manchester City Football Club Limited as a result of the subsidiary's adjustment to recognise the deferred tax liability arising from the historical revaluation of the Etihad Stadium.

Group reconciliation of equity as at 31 May 2015	UK GAAP £000	A £000	B £000	C £000	D £000	E £000	F £000	FRS 101 £000
Fixed assets								
Intangible assets	194,155	–	–	(296)	218	–	–	194,077
Tangible assets	406,698	(8,869)	(4,003)	–	(218)	–	–	393,608
Investments	–	–	–	–	–	–	–	–
	600,853	(8,869)	(4,003)	(296)	–	–	–	587,685
Current assets								
Assets held for sale	–	–	3,000	–	–	–	–	3,000
Debtors – amounts due within one year	174,422	–	–	–	–	(490)	–	173,932
Debtors – amounts due after more than one year	25,773	–	–	(805)	–	–	–	24,968
Derivative financial instruments	–	–	–	–	–	490	–	490
Cash at bank and in hand	74,752	–	–	–	–	–	–	74,752
	274,947	–	3,000	(805)	–	–	–	277,142
Creditors – due within one year	(97,959)	–	–	–	–	–	–	(97,959)
Deferred income – due within one year	(25,172)	–	–	–	–	–	–	(25,172)
NET CURRENT ASSETS	151,816	–	3,000	(805)	–	–	–	154,011
Total assets less current liabilities	752,669	(8,869)	(1,003)	(1,101)	–	–	–	741,696
Creditors – due after more than one year	(75,390)	–	–	296	–	–	–	(75,094)
Deferred income – due after more than one year	(1,028)	–	–	–	–	–	–	(1,028)
Deferred tax liabilities	–	–	–	–	–	–	(8,937)	(8,937)
NET ASSETS	676,251	(8,869)	(1,003)	(805)	–	–	(8,937)	656,637
Capital and reserves								
Called up share capital	61,115	–	–	–	–	–	–	65,115
Share premium account	1,232,393	–	–	–	–	–	–	1,232,393
Revaluation reserve	53,555	(53,555)	–	–	–	–	–	–
Profit and loss account	(674,812)	44,686	(1,003)	(805)	–	–	(8,937)	(640,871)
SHAREHOLDERS' FUNDS	676,251	(8,869)	(1,003)	(805)	–	–	(8,937)	656,637

A: Reclassification of revaluation reserve and reversal of the 31 May 2015 revaluation following management's decision to use the 31 May 2012 Etihad Stadium valuation (being the latest valuation performed at 31 May 2014) as deemed cost upon transition.

B: Reclassification to assets held for sale and adjustment to fair value of a training facility that management intended to sell within 12 months of the transition date. Operations linked to the facility continued at another site.

C: Adjustment to recognise deferred consideration of debtors and creditors arising from player transfers at fair value.

D: Reclassification of software and website development costs between tangible and intangible assets.

E: Reclassification of the fair value of derivative financial instruments previously offset against the instrument to which it related.

F: Recognition of deferred tax liability arising from the historical revaluation of the Etihad Stadium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 – RECONCILIATION OF EQUITY AND PROFIT BETWEEN UK GAAP AND FRS 101 CONTINUED

Company reconciliation of equity as at 31 May 2015	UK GAAP £000	A £000	B £000	C £000	D £000	FRS 101 £000
Fixed assets						
Intangible assets	-	-	-	-	-	-
Tangible assets	-	-	-	-	-	-
Investments	676,251	(8,869)	(1,003)	(805)	(8,937)	656,637
Deferred tax assets	-	-	-	-	-	-
	676,251	(8,869)	(1,003)	(805)	(8,937)	656,637
Current assets						
Debtors – amounts due within one year	-	-	-	-	-	-
Debtors – amounts due after more than one year	-	-	-	-	-	-
Cash at bank and in hand	-	-	-	-	-	-
	-	-	-	-	-	-
Creditors – due within one year	-	-	-	-	-	-
Deferred income – due within one year	-	-	-	-	-	-
NET CURRENT ASSETS	-	-	-	-	-	-
Total assets less current liabilities	676,251	(8,869)	(1,003)	(805)	(8,937)	656,637
Creditors – due after more than one year	-	-	-	-	-	-
Deferred income – due after more than one year	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
NET ASSETS	676,251	(8,869)	(1,003)	(805)	(8,937)	656,637
Capital and reserves						
Called up share capital	65,115	-	-	-	-	65,115
Share premium account	1,232,393	-	-	-	-	1,232,393
Revaluation reserve	-	-	-	-	-	-
Profit and loss account	(621,257)	(8,869)	(1,003)	(805)	(8,937)	(640,871)
SHAREHOLDERS' FUNDS	676,251	(8,869)	(1,003)	(805)	(8,937)	656,637

A: Reduction in the value of the investment in Manchester City Football Club Limited as a result of the subsidiary's reclassification of revaluation reserve and reversal of the 31 May 2015 revaluation following management's decision to use the 31 May 2012 Etihad Stadium valuation as deemed cost upon transition.

B: Reduction in the value of the investment in Manchester City Football Club Limited as a result of the subsidiary's reclassification to assets held for sale and adjustment to fair value of a training facility that management intended to sell within 12 months of the transition date. All operations linked to this facility continued at another site.

C: Reduction in the value of the investment in Manchester City Football Club Limited as a result of the subsidiary's adjustment to recognise deferred consideration of debtors and creditors arising from player transfers at fair value.

D: Reduction in the value of the investment in Manchester City Football Club Limited as a result of the subsidiary's adjustment to recognise the deferred tax liability arising from the historical revaluation of the Etihad Stadium.

Group reconciliation of total comprehensive income for the year ended 31 May 2015	UK GAAP £000	A £000	B £000	C £000	FRS 101 £000
Turnover	351,766	–	–	–	351,766
Other operating income	800	–	–	–	800
Operating expenses	(350,613)	–	278	126	(350,209)
Operating profit	1,953	–	278	126	2,357
Profit on disposal of players	13,832	–	–	(922)	12,910
Profit before interest and taxation	15,785	–	278	(796)	15,267
Interest receivable and similar income	30	–	–	435	465
Interest payable and similar charges	(1,279)	–	–	(126)	(1,405)
Stadium finance lease charges	(4,167)	–	–	–	(4,167)
Profit on ordinary activities before taxation	10,369	–	278	(487)	10,160
Taxation	380	–	–	–	380
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	10,749	–	278	(487)	10,540
Unrealised surplus on revaluation of properties	8,869	(8,869)	–	–	–
TOTAL RECOGNISED PROFIT FOR THE YEAR	19,618	(8,869)	278	(487)	10,540

A: Reversal of the 31 May 2015 revaluation following management's decision to use the 31 May 2012 Etihad Stadium valuation (being the latest valuation performed at 31 May 2014) as deemed cost upon transition.

B: Reversal of depreciation charge in the year following the reclassification to assets held for sale and adjustment to fair value of a training facility that management intended to sell within 12 months of the transition date. All operations linked to this facility continued at another site.

C: Adjustment to recognise deferred consideration of debtors and creditors arising from player transfers at fair value and the unwinding of the interest cost and income thereon.

