

MANCHESTER CITY FOOTBALL CLUB LIMITED

Annual Report and Financial Statements

For the year ended 30 June 2021

Registered number 00040946

FINANCIAL REPORT



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DIRECTORS AND COMPANY INFORMATION

DIRECTORS AND COMPANY INFORMATION

DIRECTORS

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

COMPANY SECRETARY

S Cliff

REGISTERED OFFICE

Etihad Stadium, Etihad Campus,
Manchester M11 3FF

BANKERS

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

AUDITORS

BDO LLP, 3 Hardman Street,
Manchester M3 3AT

DIRECTORS AND COMPANY INFORMATION CONTINUED

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

KHALDOON AL MUBARAK, CHAIRMAN

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

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

MARTIN EDELMAN, MEMBER OF THE BOARD

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

Since June 2000, he has been Of Counsel to Paul Hastings LLP, a New York City law firm. Mr Edelman also currently serves as Chairman of Manchester Life Development Company and as Director of Equity Commonwealth, BXMT and Aldar. He is also on the Advisory Board at Columbia University's Business School.

Mr Edelman works on behalf of several philanthropic initiatives and is on the boards of the Jackie Robinson Foundation, Intrepid Fallen Heroes Fund, Fisher Alzheimer Center and Tribeca Film Institute.

SIMON PEARCE, MEMBER OF THE BOARD

Simon Pearce was appointed to the Board in September 2008. He is also Vice Chairman of Melbourne City FC.

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

JOHN MACBEATH, MEMBER OF THE BOARD

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

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

MOHAMED AL MAZROUEI, MEMBER OF THE BOARD

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

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

ALBERTO GALASSI, MEMBER OF THE BOARD

Alberto Galassi was appointed to the Board in June 2012.

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

ABDULLA KHOURI, MEMBER OF THE BOARD

Abdulla Khouri was appointed to the Board in July 2018.

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



STRATEGIC REPORT

STRATEGIC REPORT

The Directors present their annual report on the affairs of Manchester City Football Club Limited ('Manchester City' or 'the Club'), together with the financial statements and Independent Auditors' Report, for the year ended 30 June 2021.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

In the 2020-21 season, Manchester City won its fifth Premier League in ten years, third in four years, setting a new record for the most consecutive wins by a top-flight English team in all competitions and reached an historic first UEFA Champions League ('UCL') final. 6,000 fans travelled to Porto to support the team, and despite a 1-0 loss against Chelsea, it was widely recognised that a new benchmark had been set for Manchester City.

The Club reached the FA Cup semi-final for the second season in a row, and victory in the League Cup meant that City have now won ten of the total available 16 major domestic men's trophies in the last four years, more than any other team.

This was the second season since the COVID-19 pandemic began, and fans were only able to attend one home game, the final match against Everton, with a capacity capped in line with UK government directives. The 10,000 fans in attendance were able to witness Sergio Aguero's final two goals in a Manchester City shirt as he left the Club having set a record as the highest non-English Premier League goal scorer.

This year's financial figures are impacted by the delay in the completion of the previous 2019-20 season, which was paused early in the pandemic on 13 March 2020 and resumed after a three-month absence on 17 June 2020. Consequently, matches relating to just under a quarter of the 2019-20 Premier League season and the latter stages of that season's UCL and FA Cup competitions were played in July and August 2020 and therefore revenue for these matches has been included in these 2020-21 financial statements. This marks the first Premier League season that has straddled two financial years.

Across the whole of the 2020-21 financial year, matchday revenue was significantly impacted, with ticketing and hospitality revenues falling to almost zero, as a result of all but one match being played behind closed doors. This is the first time in the Club's history that almost the whole season has been played without fans and the associated revenues.

Separate from these COVID-19-related factors, the most significant impact on revenues this year is a large 56% boost to broadcast income, primarily due to the Club reaching the UCL final. The overall effect is that total revenues increased year-on-year by £91.5m, 19.1% (2020: £56.8m decrease, -10.6%). At £569.8m, they are now higher than in any previous year. The Club returned to profit, as anticipated in last year's Annual Report. The net profit in 2020-21 was £2.4m (2020: £126.0m loss), owing to a combination of strong broadcasting and commercial growth this year and the inclusion of some revenues for games from the 2019-20 season. The Club has net assets of more than £656m.

As a result of the impact of the pandemic on the Club's trading and operations, year-on-year comparisons for revenues, costs, profits, and key ratios will be partly misleading and, for full context, the 2020-21 results should be viewed alongside the 2019-20 results. This has been recognised by UEFA and exceptional changes to their licensing and regulatory approach will assess the combined results of both seasons. The Directors are confident that the Club's results for the two-year period meet UEFA's adjusted Financial Fair Play requirements.

STRATEGIC REPORT CONTINUED

The Club also measures key performance against the following indicators:

Key performance indicator	2020-21	2019-20
First team performance – Premier League finishing position	1st place	2nd place
First team performance – UEFA Champions League	Runner-Up	Quarter-Final
Employee costs/revenue	62%*	73%*
Average league home attendance (all except one 2020-21 fixture played behind closed doors)	N/A	54,219
Profit on disposal of players' registrations	£68.5m	£39.8m

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

RISKS AND UNCERTAINTIES

The Board acknowledges that there are a number of risks and uncertainties which could have a material impact on the 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.

The Board and management continue to monitor the COVID-19 situation. They are confident that the Club has robust plans in place to ensure its financial security and future success. More consideration on the impact of COVID-19 is outlined in note 2.

FUTURE DEVELOPMENTS

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

SECTION 172 (1) STATEMENT

From the perspective of the Manchester City Football Club Limited Board ('the Board'), as a result of the City Football Group ('the Group') governance structure, whereby the Board is embedded within the Group Board, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the Group Board in relation both to the Group and to the Company. To the extent necessary for an understanding of the development, performance, and position of the Company, an explanation of how the Group Board has considered the matters set out in s172, for the Group and for the Company, is set out in the Group's annual report. This does not form part of this report.

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

By order of the Board

J MacBeath
 Director
 1 October 2021



DIRECTORS' REPORT

DIRECTORS' REPORT

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

DIRECTORS

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

RESULT FOR THE YEAR

The profit for the financial year was £2,367,000 (2020: £126,014,000 loss). The Directors do not propose a dividend (2020: £nil).

EVENTS AFTER THE REPORTING DATE

Information about events after the balance sheet date can be found in note 25 to the financial statements.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political contributions. Donations to UK charities amounted to £3,789,474 (2020: £2,684,781). This amount includes £2.6m supporting youth and community development via the Premier League.

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, practical and reasonable steps are taken to retain them 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.

FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise cash and liquid resources as well as various items such as trade and other receivables and trade and other payables that arise directly from its operations. The main purpose of the financial instruments is to support the Company's operations.

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Board oversees the management of these risks.

DIRECTORS' REPORT CONTINUED

STAKEHOLDER STATEMENTS

EMPLOYEES

From the perspective of the Board, as a result of the Group governance structure, the Group Board has taken the lead in carrying out the duties of a Board in respect of the Company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the Company during the financial year). The Board of the Company has also considered relevant matters where appropriate. An explanation of how the Group Board has carried out these responsibilities, for the Group and for the Company, is set out in the Group's annual report, which does not form part of this report.

OTHER STAKEHOLDERS

Similarly, from the perspective of the Board, as a result of the Group governance structure, the Group Board has taken the lead in carrying out the duties of a Board in respect of the Company's other stakeholders. The Board of the Company has also considered relevant matters where appropriate. An explanation of how the Directors on the Group Board have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, is set out, for the Group and for the Company, in the Group's annual report, which does not form part of this report.

STREAMLINED ENERGY AND CARBON REPORTING

The Company is exempt from the requirement to include Streamlined Energy and Carbon Reporting ('SECR') data due to this information being included in the Group report of the parent, City Football Group Limited. The Group report is prepared for the same financial year end as the Company and complies with the SECR disclosure requirements set out in Part 7A of Schedule 7 without relying on a "seriously prejudicial" exemption.



STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

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

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

By order of the Board

J MacBeath

Director

1 October 2021



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANCHESTER CITY FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANCHESTER CITY FOOTBALL CLUB LIMITED

OPINION

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Manchester City Football Club Limited ("the Company") for the year ended 30 June 2021 which comprise the Statement of Profit or Loss, Balance Sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101.

BASIS FOR OPINION

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

INDEPENDENCE

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANCHESTER CITY FOOTBALL CLUB LIMITED CONTINUED

OTHER COMPANIES ACT 2006 REPORTING

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

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

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

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

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

RESPONSIBILITIES OF DIRECTORS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

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

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

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular bad debt and legal provisions;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANCHESTER CITY FOOTBALL CLUB LIMITED

CONTINUED

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

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

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

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

*Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor*

*Manchester, United Kingdom
1 October 2021*

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



STATEMENT OF PROFIT OR LOSS

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2021

	Note	Operations excluding player trading 2021 £000	Player trading and amortisation 2021 £000	Total 2021 £000	Total 2020 £000
Revenue	4	569,849	–	569,849	478,359
Other operating income	5	1,244	–	1,244	3,239
Operating expenses	5	(484,140)	(145,697)	(629,837)	(641,179)
Operating profit/(loss)		86,953	(145,697)	(58,744)	(159,581)
Profit on disposal of players' registrations		–	68,545	68,545	39,803
Profit/(loss) before interest and taxation		86,953	(77,152)	9,801	(119,778)
Interest receivable and similar income	8	1,525	–	1,525	17
Interest payable and similar charges	9	(6,278)	–	(6,278)	(5,359)
Profit/(loss) on ordinary activities before taxation		82,200	(77,152)	5,048	(125,120)
Taxation	10	(2,681)	–	(2,681)	(894)
Profit/(loss) on ordinary activities after taxation		79,519	(77,152)	2,367	(126,014)

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

The notes on pages 24 to 48 form part of these financial statements.



BALANCE SHEET

BALANCE SHEET

AS AT 30 JUNE 2021

Registered number 00040946

	Note	2021 £000	2020 £000
Non-current assets			
Intangible assets	11	452,267	448,632
Property, plant and equipment	12	312,457	315,814
Right of use assets	13	81,416	82,868
Investments	14	–	–
Trade and other receivables	15	7,203	14,310
		853,343	861,624
Current assets			
Trade and other receivables	15	279,491	220,143
Cash at bank and in hand		45,135	17,838
		324,626	237,981
Current liabilities			
Trade and other payables	16	(196,900)	(229,829)
Deferred income	19	(196,095)	(152,983)
Net current liabilities		(68,369)	(144,831)
Total assets less current liabilities		784,974	716,793
Non-current liabilities			
Trade and other payables	17	(117,500)	(77,596)
Deferred tax liabilities	20	(11,171)	(8,490)
Net assets		656,303	630,707
Equity			
Called up share capital	21	1,339,575	1,316,346
Share premium account		45,008	45,008
Retained earnings		(728,280)	(730,647)
Total equity		656,303	630,707

The notes on pages 24 to 48 form part of these financial statements.

These financial statements were approved by the Board of Directors on 1 October 2021 and were signed on its behalf by:

J MacBeath
Director



STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Retained earnings £000	Total £000
As at 1 July 2019	1,316,346	45,008	(604,633)	756,721
Loss for the year	–	–	(126,014)	(126,014)
As at 30 June 2020	1,316,346	45,008	(730,647)	630,707
Shares issued in the year	23,229	–	–	23,229
Profit for the year	–	–	2,367	2,367
As at 30 June 2021	1,339,575	45,008	(728,280)	656,303

The notes on pages 24 to 48 form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The financial statements of Manchester City Football Club Limited ('the Company' or 'the Club') for the year ended 30 June 2021 were authorised for issue by the Board of Directors and the balance sheet was signed on the Board's behalf by J MacBeath. Manchester City Football Club Limited is a private company limited by share capital incorporated and domiciled in England and Wales under the Companies Act 2006. The registered office is Etihad Stadium, Etihad Campus, Manchester M11 3FF. The principal activity of the Company is discussed in the Strategic Report.

2. SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PREPARATION

The Company meets the definition of a qualifying entity under FRS 100 issued by the Financial Reporting Council ('FRC'). The Company financial statements have therefore been prepared in accordance with FRS 101 and with those parts of the Companies Act 2006 applicable to companies reporting under FRS 101. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of paragraph 62, B64(d), B64(e), B64(g), B64(h), B64(j)-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 91-99 of IFRS 13 Fair value measurement;
- The requirements of IAS 7 Statement of cash flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors;
- The requirements of paragraph 17 and 18A of IAS 24 Related party disclosures;
- The requirement in paragraph 38 of IAS 1 Presentation of financial statements to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, plant and equipment; (iii) paragraph 118(e) of IAS 38 Intangible assets;
- The requirements of paragraphs 10(d), 10(f), 16, 40(a)-(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements in IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of City Football Group Limited, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

- The requirements of paragraphs 130(fii), 130(fiii), 134(d)-(f) and 135(c)-(e) of IAS 36 Impairment of assets;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a)-(c), 120-127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- The requirements of paragraphs 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

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

GOING CONCERN

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

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

Following this assessment, the Directors reasonably expect the Group and Company will continue in existence for a period of at least 12 months from the date these financial statements are approved. City Football Group Limited has signed a letter of financial support for the Company. Accordingly, the financial statements have been prepared on a going concern basis.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

- Amendments to IFRS 3 Business Combinations (mandatory for the first time for financial year beginning 1 July 2022);
- Amendments to IAS 16 Property, Plant and Equipment (mandatory for the first time for financial year beginning 1 July 2022);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (mandatory for the first time for financial year beginning 1 July 2022);
- Annual Improvements to IFRS 1 First time adoption of IFRS (mandatory for the first time for financial year beginning 1 July 2022);
- Annual Improvements to IFRS 9 Financial Instruments (mandatory for the first time for financial year beginning 1 July 2022);
- Annual Improvements to Illustrative Examples accompanying IFRS 16 Leases (mandatory for the first time for financial year beginning 1 July 2022); and
- Annual Improvements to IAS 41 Agriculture (mandatory for the first time for financial year beginning 1 July 2022).

BASIS OF CONSOLIDATION

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

FOREIGN CURRENCY TRANSLATION

The Company's financial statements are presented in pounds sterling, which is also the Company's functional currency, which is the currency of the primary economic environment in which the Company 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 or loss account. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in profit or loss.

Non-monetary items that are measured at 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 with the gain or loss of the item that gave rise to the translation difference.

REVENUE

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

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

Matchday

Matchday revenue is based on men's football matches played by the Club throughout the year. Revenue from each match is recognised only after each match is played throughout the year. General admission tickets for a matchday are refunded up to seven days prior to the event.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

The Company recognises, under IFRS 15, the net revenue generated from the catering contract as royalty income as Manchester City Football Club are acting as the agent.

TV broadcasting

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

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

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

Fines and penalties that are in relation to performance obligations and are not in respect of the purchase of a distinct good or service are treated as variable revenue.

Other commercial

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

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

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.

Accrued and deferred income

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

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

TAXES

Current income tax

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

Current income tax relating to items recognised directly in other comprehensive income ('OCI') is recognised in OCI and not in profit or 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

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.

VAT and other sales taxes

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

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

LEASES

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

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

The weighted average incremental borrowing rate applied to lease liabilities where no rate is included in the lease contract is 5.07%.

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

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost comprises purchase price and any directly attributable costs. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss account as incurred.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment charges are recognised in the profit or 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').

Property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or 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 Company as follows:

Freehold buildings:	50 years straight-line
Long leasehold buildings:	estimated useful economic life of the asset
Short leasehold buildings:	estimated useful economic life of the asset
Fixtures and fittings:	4-10 years straight-line
Computer equipment:	4 years straight-line

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 or loss in the expense category consistent with the function of the intangible assets.

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

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

PLAYERS' REGISTRATIONS AND FOOTBALL STAFF REMUNERATION

Initial recognition

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

Renegotiation

The costs associated with an extension of a playing contract are added to the residual balance of the players' registrations 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's registration cannot be determined on a player by player basis unless certain circumstances arise, such as a player suffering a career threatening injury or a player is no longer deemed to be part of the first team. If such an event were to arise, management would assess the registration's fair value less cost-to-sell in comparison to its carrying value. Where the estimated fair value less cost-to-sell of a single player's registration was below its carrying value, management would record an impairment charge in profit or loss immediately.

Disposal

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

When a player's 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 or loss on players' registrations in the profit or loss account. Contingent consideration receivable from a sale of the players' registrations is only recognised in the profit or loss account once the performance conditions within the contract are met.

Remuneration

Player remuneration is recorded in operating expenses 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 or loss account in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

INVESTMENTS

The Company reviews each of its investments to assess whether control or significant influence exists. When the Company concludes that it has control of an investment, the investment is treated as a subsidiary. If control or joint control does not exist, the Company assesses the investment for significant influence. When significant influence does not exist, the investment is treated as a financial investment by the Company.

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

FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS

Initial recognition and measurement

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

Subsequent measurement

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

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

Financial assets at fair value through profit or loss

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

Financial assets classified as amortised cost

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

Impairment of financial assets

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

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

Derivative financial instruments

Derivatives 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 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 or loss when the hedge item affects profit or loss. Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

Trade and other receivables

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Cash at bank and in hand

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

Trade and other payables

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

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

Other loans

Other loans are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Pension costs

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, 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.

PLAYERS' REGISTRATIONS

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

Management will perform an impairment review of player's 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's registration from a single cash-generating unit ('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.

FINANCIAL INSTRUMENTS

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. REVENUE

	2021 £000	2020 £000
Matchday	732	41,694
Broadcasting - UEFA	114,765	67,261
Broadcasting - all other	182,683	123,063
Other commercial activities	271,669	246,341
Total	569,849	478,359

All revenue originates in the United Kingdom. The principal activity of the Company is the operation of a professional football club.

A breakdown of revenue has been provided above. All of the results for the above activities are included within the primary statements.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. OPERATING LOSS

	2021 £000	2020 £000
Other operating income		
Other operating income	1,224	3,239
Total	1,224	3,239
Operating expenses		
Direct cost of sales and consumables	67	6,136
Remuneration of Auditors (audit fees)	60	48
Other external charges	99,766	123,844
Employee costs (Note 7)	354,689	351,412
Amortisation and impairment of intangible assets (Note 11)	164,427	146,285
Profit on disposal of property, plant and equipment	–	1,331
Depreciation of property, plant and equipment:		
Owned (Note 12)	9,376	10,671
Leased (Note 13)	1,452	1,452
Total	629,837	641,179
Operating loss		
Operating profit/(loss) before player trading	86,953	(13,761)
Amortisation of players' registrations	(145,697)	(145,820)
Total	(58,744)	(159,581)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. DIRECTORS' REMUNERATION

No Directors were paid in the period (2020: £nil) and no company pension contributions were made (2020: £nil).

7. EMPLOYEES

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

	2021	2020
Average number of employees		
Football staff – including players	245	214
Commercial/administration staff	264	263
Total	509	477

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	310,737	307,278
Social security costs	42,502	42,938
Other pension costs	1,450	1,196
Total	354,689	351,412

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000	2020 £000
Bank interest	–	17
Other	1,525	–
Total	1,525	17

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £000	2020 £000
Bank loans and overdrafts	1,155	838
Interest expense on leases	5,123	4,521
Total	6,278	5,359

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. TAXATION

(A) ANALYSIS OF THE TAX CHARGE IN THE PERIOD

	2021 £000	2020 £000
Current tax		
UK corporation tax at 19% (2020: 19%) on profits for the period	–	–
Total current tax charge	–	–
Deferred tax		
Impact of change in UK corporation tax rate	2,681	894
Total deferred tax charge	2,681	894
Total tax charge	2,681	894

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(B) FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

	2021 £000	2020 £000
Profit/(loss) on ordinary activities before taxation	5,048	(125,120)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	959	(23,773)
Effects of:		
Expenses not deductible for tax purposes	388	1,914
Property, plant and equipment timing differences	1,374	2,143
Other permanent differences	586	511
Deferred tax not recognised	(3,212)	19,296
Tax rate difference arising on revaluation of stadium	2,681	894
Income not taxable for tax purposes	(95)	(91)
Total tax charge for the period	2,681	894

The Company has corporation tax losses available for carry forward of approximately £568.0m (2020: £568.0m).

(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.

On 3 March 2021, the UK Government announced that the UK corporation tax rate would increase from 1 April 2023 from 19% to 25%. This was substantively enacted on 11 March 2021.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. INTANGIBLE FIXED ASSETS

	Other intangibles £000	Players' registrations £000	Total £000
Cost			
As at 1 July 2020	3,392	977,669	981,061
Additions	–	193,728	193,728
Disposals	–	(196,339)	(196,339)
As at 30 June 2021	3,392	975,058	978,450
Amortisation			
As at 1 July 2020	3,338	529,091	532,429
Charge in the year	56	145,697	145,753
Disposals	(2)	(170,671)	(170,673)
Impairment	–	18,674	18,674
As at 30 June 2021	3,392	522,791	526,183
Net book value			
As at 30 June 2021	–	452,267	452,267
As at 30 June 2020	54	448,578	448,632

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings (freehold) £000	Short leasehold improvements £000	Long leasehold improvements £000	Assets under the course of construction £000	Fixtures, fittings and equipment £000	Total £000
Cost						
As at 1 July 2020	193,091	1,594	119,295	3,020	69,459	386,459
Additions	421	–	–	1,706	3,892	6,019
Reclassification	785	–	–	(1,346)	561	–
As at 30 June 2021	194,297	1,594	119,295	3,380	73,912	392,478
Depreciation						
As at 1 July 2020	13,925	233	14,431	–	42,056	70,645
Charge for the year	3,056	21	1,484	–	4,815	9,376
As at 30 June 2021	16,981	254	15,915	–	46,871	80,021
Net book value						
As at 30 June 2021	177,316	1,340	103,380	3,380	27,041	312,457
As at 30 June 2020	179,166	1,361	104,864	3,020	27,403	315,814

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 historically been treated as a finance lease, with the lease premium and the net present value of future rental obligations capitalised. As per IFRS 16, the asset is included within right of use assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. RIGHT OF USE ASSETS

	Land and buildings £000
Cost	
As at 1 July 2020	90,248
Additions	–
As at 30 June 2021	90,248
Depreciation	
As at 1 July 2020	7,380
Charge in the year	1,452
As at 30 June 2021	8,832
Net book value	
As at 30 June 2021	81,416
As at 1 July 2020	82,868

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £000
Net book value at 30 June 2021	–
Net book value at 30 June 2020	–

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

Incorporated in England and Wales.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. TRADE AND OTHER RECEIVABLES

	2021 £000	2020 £000
Current trade and other receivables		
Trade receivables	174,163	150,094
Receivables arising from player transfers	25,201	52,024
Amounts owed by group undertakings	46,174	3,537
Amounts owed by related party undertakings (Note 24)	44	44
Other receivables	43	536
Prepayments and accrued income	33,866	13,908
Total	279,491	220,143
Non-current trade and other receivables		
Receivables arising from player transfers	7,203	14,310
Total	7,203	14,310
Total trade and other receivables	286,694	234,453

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

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

The above accrued income balance is expected to be received within 12 months of year end.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16. CURRENT TRADE AND OTHER PAYABLES

	2021 £000	2020 £000
Lease liabilities (Note 18)	445	423
Trade payables	12,581	7,688
Payables arising from player transfers	54,826	60,397
Amounts owed to group undertakings	29,047	29,332
Amounts owed to related party undertakings (Note 24)	85	947
Other payables including tax and social security	50,852	15,551
Accruals	49,064	113,897
Refund payable	–	1,594
Total	196,900	229,829

17. NON-CURRENT TRADE AND OTHER PAYABLES

	2021 £000	2020 £000
Lease liabilities (Note 18)	64,303	64,748
Payables arising from player transfers	48,509	12,848
Accruals	4,688	–
Total	117,500	77,596

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. LEASES

Lease liabilities include future obligations under the lease of the Etihad Stadium. Details are provided within note 12. The capital amounts of repayments are as follows:

	2021 £000	2020 £000
Maturity of lease liabilities		
Within one year	445	423
Between one and two years	467	445
Between two and five years	1,550	1,475
After more than five years	62,286	62,828
Total	64,748	65,171

The cash flows required are as follows:

	2021 £000	2020 £000
Within one year	3,550	3,550
In the second to fifth year	14,200	14,200
Over five years	136,075	139,625
Less future finance charges	(89,077)	(92,204)
Total	64,748	65,171

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. DEFERRED INCOME

	2021 £000	2020 £000
Deferred income	196,095	152,983

The above deferred income balance will be cleared within 12 months of year end.

20. DEFERRED TAX

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

	2021 £000	2020 £000
Deferred tax liabilities	11,171	8,490

	Property revaluation £000	Total £000
At 1 July 2020	8,490	8,490
Debited to profit or loss account	2,681	2,681
As at 30 June 2021	11,171	11,171

On 3 March 2021, the UK Government announced that the UK corporation tax rate would increase from 1 April 2023 from 19% to 25%. This was substantively enacted on 11 March 2021. The Company has not recognised a deferred tax asset of £173.8m (2020: £135.3m)

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. SHARE CAPITAL

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

	2021 £000	2020 £000
Issued, fully paid and called up		
1,339,574,450 ordinary shares of £1 each (2020: 1,316,345,585)	1,339,574	1,316,345
3,399 ordinary shares of £1 each – 25p paid (2020: 3,399)	1	1
Total	1,339,575	1,316,346

23,228,865 shares at a nominal value of £1 each were issued in the year.

22. PENSIONS

DEFINED CONTRIBUTION SCHEME

Contributions to the defined contribution pension scheme are charged to the profit or loss account in the period in which they become payable. The total contributions in the period amounted to £1,450,000 (2020: £1,196,000). As at 30 June 2021, contributions of £133,000 (2020: £125,000) due to the pension scheme were unpaid and recorded in current liabilities.

DEFINED BENEFIT SCHEME

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

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

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

The Club currently pays total contributions of £76,997 per annum which increases at 5.0% per annum and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 30 June 2027.

As at 30 June 2021, the present value of the Club's outstanding contributions (i.e. their future liability) is £299,058. This amounts to £75,859 (2020: £72,246) due within one year and £223,199 (2020: £211,505) due after more than one year.

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the technical provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2020), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23. COMMITMENTS

CAPITAL COMMITMENTS

The capital commitments contracted but not provided for consist of ongoing capital expenditure projects:

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

TRANSFER FEES PAYABLE

Additional transfer fees, signing on fees and loyalty bonuses of £227,983,568 (2020: £158,245,080) that will become payable upon the achievement of certain conditions contained within player and transfer contracts if they are still in the service of the Club on specific future dates are accounted for in the year in which management assess, on a player by player basis, when the specific performance terms are met, resulting in the payment of contingent consideration.

OTHER COMMITMENTS

Manchester City Football Club Limited has assigned fixed charges in favour of HSBC plc in relation to its Premier League media revenues and stadium matchday revenues, as security for City Football Group's credit facility with the Bank. HSBC plc hold a floating charge over all other Manchester City Football Club Limited assets. Additionally, the Club assigned the following two consecutive payments from PUMA SE or PUMA International, in respect of the guaranteed retainer on a rolling basis to Barclays to cover operational exposures.

Following the year end the HSBC facility was settled and terminated and therefore the above commitments have now expired.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH SUBSIDIARIES OF CITY FOOTBALL GROUP LIMITED

Transactions during the year ended 30 June 2021 with New York City Football Club LLC, a fellow subsidiary of City Football Group Limited, consisted of trading balances totalling £1,569,000 (2020: £1,254,000), which are included in receivables due within one year and the provision of services of £315,000 (2020: £366,000).

Transactions during the year ended 30 June 2021 with Girona FC SAD, a fellow subsidiary of City Football Group Limited, consisted of trading balances totalling £nil (2020: £nil), which are included in receivables due within one year, and the sale of services totalling £50,000 (2020: £52,000).

TRANSACTIONS WITH BROOKSHAW DEVELOPMENTS LIMITED

A balance from Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment and Development Ltd, of £85,000 (2020: £947,000) is included in payables due within one year.

TRANSACTIONS WITH EASTLANDS DEVELOPMENT COMPANY LIMITED

A balance to Eastlands Development Company Limited, a company also controlled by Abu Dhabi United Group Investment and Development Ltd, of £44,000 (2020: £44,000) is included in receivables due within one year.

KEY MANAGEMENT COMPENSATION

No key management personnel were remunerated by the Company. Details of key management compensation are listed in the notes of City Football Group Limited financial statements in note 6.

25. EVENTS AFTER THE REPORTING DATE

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

26. ULTIMATE PARENT COMPANY

As at 30 June 2021 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.

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