



Manchester City Football Club

Annual Report 2010-11





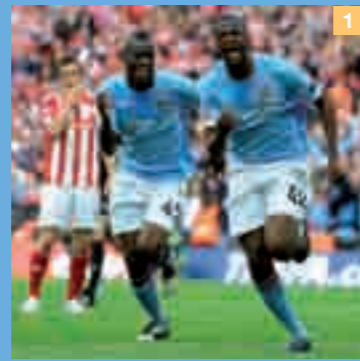
Front cover: Vincent Kompany and Pablo Zabaleta carry The FA Cup Winners Flag at Wembley, May 2011

A group of young fans in City colours outside Wembley

Manchester City. FA Cup winners 2010-11

“The highlight of the season for many was the Club winning its first major piece of silverware for 35 years, and it is clear that this successful FA Cup campaign will be remembered for a very long time.”

John MacBeath, Interim CEO



1. Mario Balotelli and Yaya Toure celebrate Toure's match winning goal at The FA Cup final against Stoke City
2. Michal Richards heads the ball
3. The full squad, wearing the brand new away kit, present The FA Cup to fans at the homecoming event at the Etihad Stadium
4. The squad ride through the city with The FA Cup on an open top bus for the homecoming parade
5. The team line up with the mascots at the beginning of The FA Cup final at Wembley
6. Carlos Tevez, surrounded by his teammates, holds The FA Cup aloft
7. The FA Cup
8. Patrick Vieira and Nigel De Jong take The FA Cup to fans at Wembley
9. Roberto Mancini holds up The FA Cup after the final at Wembley

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Message from the Chairman

It is pleasing that since the publication of that first report, we have seen tangible outcomes achieved in many important areas of the Club's operations as a result of the efforts made across the organisation.

Naturally, the Club's success on the pitch has been the most publicised of its accomplishments. With our best ever result in the Premier League, qualification for the UEFA Champions League, and a historic FA Cup campaign that delivered the Club its first piece of major silverware in 35 years, there is much to be proud of.

However, we should not underestimate the Club's other major achievements in terms of its continued commercial performance, groundbreaking partnership initiatives, expanding contribution to the community, and independent recognition for the quality of our facilities and match day offerings.

From the perspective of the board and executive leadership team, these broader achievements are equally important signs of progress in the ongoing evolution of Manchester City Football Club, and are particularly encouraging when combined with the Club's historic performance on the pitch in the 2010-11 season.

It is important to recognise that much of the work covered in this report occurred under the stewardship of Garry Cook. I want to take this opportunity to formally thank him for his contribution to the extensive transformation of the organisation.

Now that we are witnessing progress, both on and off the pitch, it is more important than ever to redouble our efforts towards achieving our ambition to establish Manchester City as a more successful, sustainable and internationally competitive football club that remains at the heart of the community in which it is based.

When it comes to securing long-term sustainability, nothing will be more important than the investments we are currently making in youth development, our Academy and the Club's training and development facilities, and we remain committed to building upon our historically strong capabilities in this area.

The year ahead will bring many challenges. We will be competing in arguably the most challenging environment in world football in the UEFA Champions League; we will return to The FA Cup as defending champions; and we still remain two places below our ambition in the Premier League. From a business perspective, we are also operating in a more competitive market than ever before.

These challenges are symptoms of our success. They come with the territory we have worked so hard to reach. The 2011-12 season will undoubtedly be one of the most exciting that Manchester City Football Club has experienced in decades, and the Club remains committed to working closely with its supporters, partners and employees throughout the year as we embark on the next phase of the Club's development.

Khaldoon Al Mubarak
Chairman

“With our best ever result in the Premier League, qualification for the UEFA Champions League, and a historic FA Cup campaign that delivered the Club its first piece of major silverware in 35 years, there is much to be proud of.”

Message from the Chairman. A year ago, on the instruction of Sheikh Mansour, Manchester City published its first comprehensive Annual Report for the benefit of the fans and the Club's broader stakeholders.





Fans do the Poznan during The FA Cup final



The Club has also continued to demonstrate its improved performance off the pitch with increased revenues, the deepening of existing corporate partnerships and the establishment of new ones. In addition, the Club has been recognised with prestigious awards for the quality of the pitch and the match day experience for fans.

As an organisation we have continued to grow. While doing so we have worked hard to maintain and enhance our reputation as an employer of choice. The same is true of our commitment to responsible corporate citizenship, most visibly through the expansion of flagship initiatives such as the City in the Community programme which this year celebrates its 25th anniversary.

The highlight of the season for many was the Club winning its first major piece of silverware for 35 years, and it is clear that this successful FA Cup campaign will be remembered for a very long time. The victory has given the Club even greater momentum at a pivotal stage in its evolution and confirmed how far we have come in recent years.

The broader impact of the Club's improved performance on the pitch should not be underestimated. Qualification for the UEFA Champions League will bring Manchester City direct benefits in the form of new broadcast revenue and expanded commercial opportunities for the Club and its partners during the 2011-12 season, while our improved performance in the Premier League also delivers tangible rewards.

The challenge now is to ensure that the 2010-11 season turns out to be the beginning of a long and successful era for the Club and its supporters.

That means investing further in our Academy and player development capabilities, which is why the Academy Development Plan and our proposed world-leading training facility are two of the most exciting initiatives to have been announced in the Club's history.

We are also investing for the future in other ways. We have modernised our match day and ticketing capabilities in direct consultation with the fans, establishing a telephone and online ticketing system, and we have tailored our membership packages to the changing preferences of our growing community of supporters.

Consistent with the Club's traditional values, we have expanded the potential of both the "City in the Community" and "City in the Community Giving" initiatives to use football more effectively as a platform to create new opportunities for young people in the Manchester area.

From a business perspective, we have reshaped our organisation to deliver commercial growth over time while continuing to put in place the systems and processes that will support the high-level performance and professional development of our employees.

The last year has shown us what we are capable of achieving. In the year ahead our focus must remain, as it always has been, on ensuring that Manchester City continues to evolve to become one of the most successful and sustainable football clubs in the world, while staying true to its heritage and the community to which it belongs.

John MacBeath
Interim Chief Executive Officer

"The challenge now is ensuring that the 2010-11 season turns out to be the beginning of a long and successful era for the Club and its supporters."



Statement from the Interim Chief Executive Officer.
This report documents what has been a historic year for Manchester City Football Club. With our best ever finish in the Premier League, qualification for the UEFA Champions League, and a hard-fought victory in The FA Cup it has truly been a remarkable season.



01 Football



Manchester City Football Club

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Football

Football. In the 2010-11 season we have witnessed the results of much of the investment that has occurred at the Club in recent years.

We stated in last year's report that we believed we had established the core of a first team squad that could compete against the best clubs in England and Europe. Under the management of Roberto Mancini, this has proven to be the case.

The Club secured its best ever performance in the Premier League by finishing third, qualified for the UEFA Champions League, and won its first major piece of silverware for 35 years by winning The FA Cup.

We have clearly made significant progress at first team level, and the 2011-12 season promises to be one of the most exciting in decades for our players and supporters.

However, our football goals at Manchester City have always been greater than enjoying a handful of successful seasons and the Club is committed to ensuring that our improvement in recent years becomes the foundation for a long and sustainable period of success for the Club and its supporters.

In order to achieve this long-term ambition, youth development must be, and is, our top priority.

In the last year we have completed work on a long-term Academy Development Plan that will revolutionise the offering we can make to talented young players and greatly expand the broader football development experience available at Manchester City. In 2011-12 we will begin to roll out that plan.

Elite development remains a critical area of focus. Talented players in the 18-21 year old age bracket at Manchester City now have access to unprecedented international development opportunities through strategic partnerships we have established with clubs across Europe, while our participation in the NextGen Series will also help to accelerate their preparedness for the challenges of first team football.

Ongoing investment in the Club's recruitment, coaching and medical capabilities at all levels has enhanced our ability to attract and retain some of the most talented young players in the world and expanded our ability to oversee their development.

The Club remains committed to ensuring young players coming through the Manchester City system are prepared for a life in football or outside of it. From the beginning of the 2011-12 season, boys will have the opportunity to join an initiative which will give increased football coaching access alongside top quality education, and initiatives such as the recently-established Life Skills Programme for 15-16 year olds will help equip our young players with many of the skills and capabilities they will need in the future.

As a sign of things to come, nine young players from within the Manchester City youth system have made first team debuts this year under Manager Roberto Mancini at a time when competition for places has never been greater.



1. Adam Johnson, Joe Hart and Patrick Vieira applaud the fans
2. The team celebrate

Investment in First Team Produces Results

- For the second year in a row, MCFC achieved its highest ever Premier League placing, finishing third behind Manchester United and Chelsea, completing the season with a string of positive results.
- Achieving a long-stated ambition, the Club has successfully qualified for the UEFA Champions League for the first time in its history, promising an exciting season ahead for players and supporters.
- The team won its first piece of major silverware in 35 years, defeating Manchester United in the semi-final and Stoke City in the final, to win the prestigious FA Cup at Wembley Stadium.
- Having established the core of a competitive first team squad in recent years, the Club engaged in reduced activity in the transfer market during the 2010-11 season, successfully loaning out 22 players while acquiring seven at first team level.

A Truly Historic Season

- In addition to our best ever finish in the Premier League, qualification for the UEFA Champions League, and victorious run in The FA Cup, the Club and its players have also achieved a number of individual records during the season.
- Carlos Tevez tied for the Golden Boot award in 2011.
- Manchester City kept the highest number of clean sheets in the Premier League (18) and as a result, Joe Hart has been awarded the coveted Barclay's Premier League Golden Glove.
- Vincent Kompany and Carlos Tevez were named in the PFA Team of the Year, an award voted for by other Premier League players from a shortlist compiled by the PFA.
- Manchester City, along with Chelsea, managed to concede the fewest goals (33) in the league this season.
- Joe Hart kept a club record 29 clean sheets in all competitions, three more than the previous holder Nicky Weaver who kept 26 clean sheets during the 1999-2000 season (League Division Two).
- Our 21 wins during the 2010-11 seasons was our highest number ever in the Premier League, beating our previous record of 18.
- Manchester City achieved our best-ever home form in the Premier League reaching 43 points at the Etihad Stadium, and winning 15 of our last 16 games at home in all competitions in the 2010-11 season, going unbeaten for five months between January and May.
- City also achieved the joint highest number of away wins in the Premier League this season.
- For the second year running, the Club embarked on a pre-season training tour in Canada and the United States, playing LA Galaxy, the Vancouver Whitecaps and Club America as part of the Herbalife World Football Challenge.



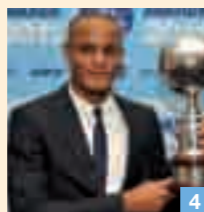
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1. The team celebrate winning The FA Cup

2. Joe Hart collects his award for performance of the season at the MCFC Awards 2011

3. Carlos Tevez

4. Vincent Kompany receives the 2011 Etihad Player of the Year Award at the MCFC Awards evening 2011



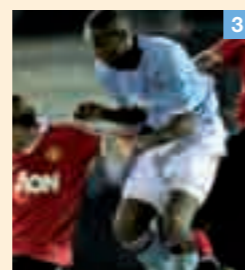
In addition to our best ever finish in the Premier League, qualification for the Champions League, and victorious run in The FA Cup, the Club and its players have also achieved a number of individual records during the season.



The Club has completed and approved a comprehensive Academy Development Plan to drive the long-term expansion of the Club's youth development capabilities.

Academy Development Plan

- The Club has completed and approved a comprehensive Academy Development Plan to drive the long-term expansion of the Club's youth development capabilities.
- From the beginning of next season boys from U14-U16 will have the opportunity to join an initiative that will give increased football coaching access together with the delivery of a top quality education.
- The new plan promises improved education outcomes, greater peace of mind for parents and more football contact hours for players.
- A new life skills programme for 15-16 year olds provides a 64-week, five-module programme, covering topics such as leadership, dealing with success and failure, domestic skills and financial literacy.
- Academy players also enjoy opportunities to represent MCFC on match days as Club Ambassadors and become involved with the Club's City in the Community programme, gaining important leadership and interpersonal skills.



1. Academy players in action at Platt Lane
 2. City's young stars on a tour of Etihad Stadium
 3. The Elite Development Squad (EDS) take on Manchester United at Ewen Fields
 4. Gymnasium facilities at the first team training ground, Carrington
 5. Young striker, Harry Bunn, one of the EDS bright prospects

Elite Development

- The Club is focused on more effectively bringing players through the pivotal 18-21 year old age bracket where previously many have been lost to the game.
- The Elite Development Squad provides tailored development solutions for individual players designed to improve the pathway towards first team football.
- The Club's Partner Programme enables us to provide players and youth coaches with strategic loan placements aligned with their particular development needs in countries as diverse as England, Spain, Norway, Belgium and the Netherlands.
- Membership in the recently-established NextGen Series will give our elite U19 players unrivalled competitive experience against some of the best clubs in the world, better preparing them for the demands of first team football that may await them in the future.
- Under Manager Roberto Mancini, nine youth players have debuted in the first team in the 2010-11 season and the Club remains committed to bringing more talented young players through our system and into the highest level of football we can offer.



1



2



3



4

1. An U18 academy player in training
2. The first team in training
3-4. U18 team shots 2010-11

Football Campus in East Manchester

- In July 2011, following more than two years of comprehensive research and benchmarking, the Club launched an initial public consultation for its plans to develop a world-class facility that would combine a new youth Academy, first-team training facility and operations centre on a single site in East Manchester.
- The development would bring all of the Club's core facilities together in the heart of the community and in the vicinity of the Etihad Stadium.
- The Campus would be the biggest single investment in youth development Manchester City has ever made and would create an inspirational facility for young players in Manchester and elsewhere.
- The design has been informed by a study of more than 30 elite sports development centres around the world. It would meet and exceed the standards set by the Premier League to achieve Grade 1 Academy status.
- The Campus would also bring benefits to the local community with City in the Community events to be hosted at the new facilities.
- The Club's proposals include remediating 80 acres of land and providing 5.5 acres for use by the Council to develop community facilities.
- The proposals would be consistent with Manchester City Council's vision for East Manchester as a major centre for elite sport and would accelerate the regeneration process that began with preparations for the 2002 Commonwealth Games.
- Following the public consultation, the Club submitted a full planning application in September 2011.
- For further details visit www.manchestercityfootballacademy.com



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Football

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The Club is focused on more effectively bringing players through the pivotal 18-21 year old age bracket where previously many have been lost to the game.

Honouring Our History

- During the 2010-11 season the Club completed the redevelopment of its Memorial Garden, redesigning and replanting the garden to make it more accessible.
- To recognise the passing of Malcolm Allison, the Club hosted a tribute in CitySquare on 24 October 2010 before the match against Arsenal attended by thousands of City supporters.
- To recognise the passing of Neil Young, the Club worked with its supporters to help facilitate a tribute and fundraising initiative, with the proceeds donated to the Cecilia Unit for Cancer at Wythenshawe Hospital and Neil's family.
- To recognise the passing of Mike Doyle, the Club encouraged staff and fans to donate to the Sporting Chance Clinic at the request of the Doyle family, and staff lined the road of the Etihad Campus during the funeral cortege.
- The Club continues to maintain strong relationships with its former players, working closely with the Former Players' Association throughout the year and ensuring all former players had the opportunity to share in the Club's historic FA Cup triumph at Wembley Stadium.



To recognise the passing of Malcolm Allison, the Club hosted a tribute in CitySquare on 24 October 2010 before the match against Arsenal attended by thousands of City supporters.



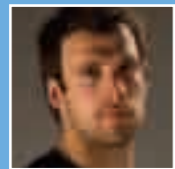
1. Tony Book and Mike Summerbee wear specially made scarves to raise funds for the Neil Young Appeal
2. The Malcolm Allison memorial at the Etihad Stadium
3-4. Fans mourn the passing of Malcolm Allison

Abu Dhabi

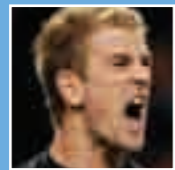
ONLY ONE NAME IN THE WORLD
NEIL YOUNG

Fans hold up a specially made banner to raise awareness for the Neil Young appeal

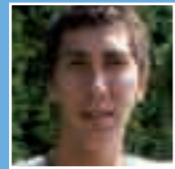
Goalkeepers



Stuart Taylor
1

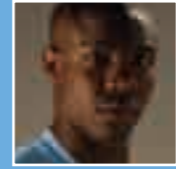


Joe Hart
12

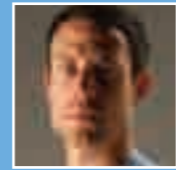


Costel Pantilimon
30

Defenders



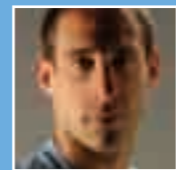
Micah Richards
2



Wayne Bridge
3



Vincent Kompany
4



Pablo Zabaleta
5



Joleon Lescott
6



Aleksandar Kolarov
13



Stefan Savic
15



Gael Clichy
21

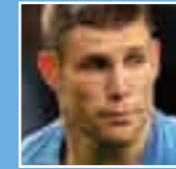


Nedum Onuoha
24



Kolo Toure
28

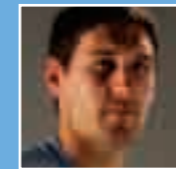
Midfielders



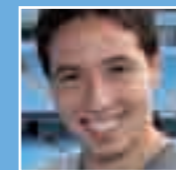
James Milner
7



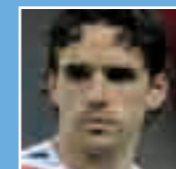
Adam Johnson
11



Gareth Barry
18



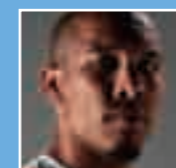
Samir Nasri
19



Owen Hargreaves
20



David Silva
21



Nigel de Jong
34

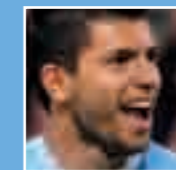


Yaya Toure
42

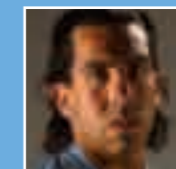
Strikers



Edin Dzeko
10



Sergio Aguero
16



Carlos Tevez
32



Mario Balotelli
45



Fans at The FA Cup semi-final at Wembley



02 Fans

Fans. The 2010-11 season has been a memorable one for Manchester City and its supporters and the Club continues to work closely with its most important stakeholders on all aspects of the Club's evolution and development.

In the last season we had a record 35,000 memberships following the team throughout the year, and our new Family Stand improved the match day experience for an average of 7,588 people per match. The recently-opened CitySquare proved to be a popular addition to the pre- and post-match experience with regular initiatives such as Live@CitySquare contributing to an average of 30% of match attendees passing through the space per game. Between the beginning and end of the season fans spent an increased amount of time in CitySquare, with the average time of arrival at CitySquare rising to roughly one hour prior to kick off.

With the team's improved performance on the pitch, the Club worked hard to respond to the increasing demand it experienced during the year while maintaining fairness in the system for allocating tickets, particularly for popular matches such as the semi-final and final of The FA Cup.

Work throughout 2010-11 allowed us to announce new membership packages for 2010-11, tailored to the changing preferences of our growing supporter base. Our work has allowed us to provide our members with exclusive access to online content and experiences. As part of the new membership we are implementing the 'clever card', adding an extra dimension to the membership package.

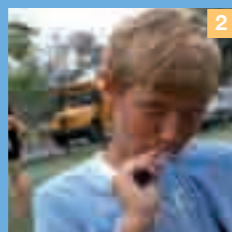
City supporters excelled themselves yet again during the 2010-11 season, adding to their repertoire with new favourites such as Grandma, Alan and the Poznan celebration, while always contributing significantly to the Club's fundraising efforts through the CITC Giving initiative.

The Club continues to work closely with its supporters, hosting fan forums and quarterly meetings at the stadium, and taking first team players and senior Club representatives to supporters' clubs to talk to fans face-to-face about recent and upcoming developments.

Much of the Club's dialogue with its supporters has moved online in recent years, and this continued in 2010-11. We have become particularly active on social media platforms such as Facebook (935,000 fans), Twitter (92,000 followers), FourSquare (12,000 members)* and existing supporter forums. A new City App for the iPhone was launched in February 2011, giving fans mobile access to award-winning content. The Club has also continued to use its website as the primary channel for delivering exclusive and accurate content to our supporters. Our capabilities in this area are expected to be expanded for visitors and members in 2011-12.

Manchester City's international supporter base continues to grow with new supporters' clubs established in places as diverse as Bosnia, Thailand and Indonesia. Website traffic increased from countries such as the US (44% increase), India (62% increase), Germany (77% increase) and Bosnia (2267% increase). The Club's Arabic language web site has seen a 114% increase in visits in the last year and in early 2011 the Club conducted its second consecutive pre-season tour to the United States which delivered further growth in website traffic.

*Figures correct as of August 2011.



1. Fans watch the screening of The FA Cup final at CitySquare
2. A young fan kisses the City badge at a City Soccer School in New York, 2010



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Fans

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Keeping Our CityPromise

- The Club completed its first season since the introduction of the ambitious CityPromise initiative. The scheme provided specialised training to our match day staff in order to improve levels of service received by supporters and visitors to the Etihad Stadium.
- The Club is proud to have been recognised with the Visit Football Award for best match day experience in the Premier League in 2011.
- Our own evaluation reports have shown 83% customer satisfaction with the match day experience since the introduction of CityPromise.

New Membership Packages

- The Club has introduced a new membership programme that seeks to more effectively meet the diverse preferences of our supporters while rewarding long-term supporters of the Club.
- A key element of the new membership programme is increased engagement with the Club through access to special content, an auction points system for bidding on products and experiences and more personalised service to our long-term supporters.
- The Club remains committed to providing affordable tickets to its supporters. For 2011 we have kept the lowest standalone adult ticket price at £20 with our value gold membership available from £260 for 19 home games and under 16 junior gold membership from £95 in the custom designed Family Stand.
- As part of the new membership and ticketing packages for the 2011-12 season, the Club announced it was capping the price of tickets for those over 65 years of age and for certain categories of tickets available in the Family Stand.

Meeting Increasing Demand

- During the 2010-11 season the Club played more games (65) and sold more tickets (1,187,810) than ever before.
- In response to this increasing demand, the Club has invested in a comprehensive online and phone-based ticketing system for the 2011-12 season that should deliver greater convenience and comfort to our supporters while maintaining fairness in the ticketing system.
- While meeting the demands of our most successful season in decades, the Club provided catering and entertainment for thousands of fans who joined overnight queues for tickets at Etihad Stadium.
- The Club's cup packages proved particularly popular in the 2010-11 season and supporters who attended games throughout the successful FA Cup campaign were rewarded with improved access to tickets for the semi-final and final.
- The Club continues to work closely with its supporters to ensure long-term supporters are rewarded for their loyalty and commitment while ensuring children and new fans also have opportunities to attend the most popular matches.

During the 2010-11 season the Club played more games (65) and sold more tickets (1,187,810) than ever before.



1. The Blue Moon Rising poster
 2-3. Celebrities, staff and fans watch the UAE premiere of Blue Moon Rising
 4. The team on the open top bus at the homecoming parade
 5. A family at the Etihad Stadium Open Day 2010



Following the Club's historic victory in The FA Cup in May 2011, a homecoming ceremony was held in the City of Manchester attended by 44,000 local supporters.



City Celebration

- City supporters enriched the match day experience and inspired the players on the pitch throughout the 2010-11 season with their dedication, passion and humour.
- Fan favourites to emerge during the season included kit manager Les 'Chappy' Chapman, Salzburg substitute Alan Douglas Borges de Carvalho, Mavis 'Grandma' Goddard and the unique celebration borrowed from the visiting supporters of Lech Poznan (which City took all the way to Wembley).
- The Blue Moon Rising documentary, which captured the passion of City supporters was the fastest selling football DVD on pre-order up to January 2011. The Sun called it the "Best football film since Fever Pitch." The film also had a "blue carpet" Supporters' Club premiere in Abu Dhabi before being publicly screened across the UAE.
- Following the Club's historic victory in The FA Cup in May 2011, a homecoming ceremony was held in the City of Manchester attended by 44,000 local supporters.

City Conversation

- Manchester City maintained its ongoing dialogue with the Club's supporters during 2010-11, hosting fan forums and quarterly meetings for the receiving of feedback, sharing of opinions and discussion of new developments at the Club.
- Fifteen different senior players have made visits to supporters' clubs and senior Club staff have made over 40 visits to branches all over the country, meeting face-to-face with the Club's most important stakeholders.
- The Club has listened closely to the views of its supporters and on a number of occasions helped to facilitate events and campaigns initiated by the fans themselves, most notably the moving tribute and fundraiser to celebrate the life and achievements of Neil Young.
- In part due to our growing international fan base, much of our supporter consultation has moved online in recent years, with Facebook (935,000 fans), Twitter (92,000 followers), FourSquare (12,000 members).*
- The Club has continued to use www.mcfc.co.uk as the primary channel for delivering exclusive content during the year, with the most popular among the supporters including the Chappys, tunnel cams and the Behind the Scenes series.

*Figures correct as of August 2011.

Growing International Support

- During the past 12 months, new Manchester City supporters' clubs have been established in Johannesburg, Hong Kong, Bosnia, Thailand and San Francisco and new live match day locations established in Los Angeles, Toronto and Indonesia.
- The Club has presented awards for supporters clubs in Australia, Bosnia, France, Sweden and the US during the 2010-11 season in honour of their commitment to the team.
- International supporters had the opportunity to meet players throughout the year including a meeting with fans held in Turin prior to the match against Juventus.
- Senior representatives have met fans across the globe, including visits by Mike Summerbee and Gary Cook.
- Web traffic from our international supporters has continued to grow during 2010-11, with an increase of almost 1 million visitors over the year.
- The Club's biggest matches of the year attracted major support from our international fans, with hundreds of people gathered in Toronto to watch our historic FA Cup victory repeated in cities as far afield as Indonesia, Malaysia and Abu Dhabi.



The full squad, wearing the new away kit, present the FA Cup to fans at the homecoming event at the Etihad Stadium





03

Community

Joe Hart, Carlos Tevez and Patrick Vieira open the play area funded by Manchester City at the Royal Manchester Children's Hospital

Community. In 2010 the Club announced the three pillars of its corporate social responsibility work. They are the City in the Community programme; the City in the Community Giving initiative; and the promotion of responsible corporate citizenship across the organisation.



In the last 12 months this structure has been further strengthened through the establishment of a City in the Community Foundation, mandated to oversee the Club's fundraising and programme delivery initiatives, and the publication of an expanded Corporate Social Responsibility Report covering all aspects of the Club's approach to sustainable practices in its operations.

Our flagship City in the Community programme celebrated its 25th anniversary by significantly expanding its contribution to the local community in 2010-11 under the banner of "Creating Opportunities Through Football", and the programme continues to benefit more than 200,000 people from the local community every year.

In the last year, more than 56,000 thousand young people from the local community, including 3,500 children with disabilities, have participated in the programme's popular free football clinics. Our community cohesion programme, Kickz, celebrated its fourth anniversary, and has had a tangible impact in the East Manchester area. In December, we were all very proud when Eddie Afekafe, our Community Cohesion Manager, represented the Club and country at the 2018 World Cup bid. Whilst the bid was ultimately unsuccessful for England, Eddie was a true ambassador for the Club as he opened England's presentation alongside Prince William, Prime Minister David Cameron and David Beckham.

Working in partnership with Manchester City Council and the Manchester Sport and Leisure Trust, the Club has also provided three new football pitches in the shadow of the Etihad Stadium. These pitches offer football programmes throughout the school term and during holidays, while also providing a safe environment for free football on match days. This new facility will allow over 10,000 more young people to participate in football initiatives each year in East Manchester.

Our commitment to Lexington Academy in Spanish Harlem, New York has been ongoing since July 2010 with the coaching of 350 Lexington school children every day for 30 weeks a year. Our City Soccer in the Community team has become part of the fabric of the school and the programmes have already impacted the school, the teachers, students, parents and the local community. The City Soccer in the Community team has also provided further coaching to over 3,300 kids each week in New York City.

The inaugural year of the City in the Community Giving initiative was a major success, benefiting five charitable organisations selected by City supporters, and three additional organisations focused on the East Manchester area, through dedicated fundraising initiatives and in-kind support throughout the season.

The Club is currently studying ways to expand the impact of the City in the Community Giving initiative by partnering with other philanthropic organisations and harnessing even greater resources for the benefit of the communities of Manchester and East Manchester in the years ahead.

An exciting new development under the City in the Community Giving umbrella is the establishment of the Connell Awards, named after the Connell family, who established the club in 1880 that would eventually become Manchester City.

Inspired by the efforts of the Connell family to use sport as a means to address the impact of social and financial disadvantage, the Connell Awards will provide small grants to individuals and organisations nominated by the Club's supporters. The aim will be to seek out organisations that deliver football and urban sports programmes to disadvantaged young people in the East Manchester area.

Consistent with the values of City in the Community, the Connell Awards seek to celebrate and more effectively harness the significant assets and goodwill that exist in Manchester and East Manchester, by providing meaningful support to local individuals and organisations that are already working hard to make a difference in the community we share.



1. City Soccer School at Hyde, Easter 2011
2. A father and son in CitySquare



City in the Community

- The City in the Community programme celebrates its 25th anniversary in 2011 while continuing to positively impact more than 200,000 people per year.
- In April 2011 City in the Community, in partnership with the Manchester City Council and Manchester Sport and Leisure Trust, established three state-of-the-art 3G synthetic football pitches at the newly named Manchester Tennis and Football Centre.
- The City in the Community Strike a Balance programme has delivered education on healthy eating and the importance of physical activity in more than 70 schools and to more than 2,000 young people in the local area in partnership with the Manchester Healthy School Partnership.
- The Kickz community cohesion initiative was delivered successfully for another year, providing free football, gym access and education workshops on challenging topics for up to 300 young people from the local and surrounding area each week.
- Through initiatives such as the Club's enterprise days and apprenticeship programmes, both of which provide young people from the local area with first-hand insights into the business of running a football Club, the City in the Community programme delivered more than 12,000 enterprise opportunities last year and continued to promote the development of entrepreneurial skills and capabilities in the East Manchester area.
- The Club continued its ongoing support throughout the year for the independent philanthropic initiatives of its players, supporters and employees.
- In June 2011 the Club established a new City in the Community Foundation to oversee the delivery of programmes under the CITC programme and the philanthropic work of the CITC Giving initiative.

City in the Community Giving

- The inaugural year of CITC Giving was a great success, generating significant interest and fundraising efforts from the Club's supporters and other stakeholders.
- The Club's supporters selected The Royal Manchester Children's Hospital, St Ann's Hospice, Guide Dogs for the Blind, Children's Adventure Farm Trust and CITC as the CITC Giving charities for 2010-11, with three East Manchester-based charities also receiving funding through the initiative.
- The CITC Giving initiative effectively focused the Club's fundraising and philanthropic efforts, building even stronger relationships with supporters and donors simultaneously.
- Manchester City players were keen to lend their active support to the Club's chosen charitable partners by making numerous appearances throughout the year.
- The Club's first Sky Blue Santa Stroll opened by manager Roberto Mancini was attended by over 850 supporters, successfully raising £24,704 for the Club's selected charities.
- In August 2010, a minibus donated by MCFC and the Supporters' Association was delivered to a local team in Sierra Leone. Funds since raised from the hiring out of the minibus have allowed the Sierra Leone team to employ and educate 55 people.
- Based on the successes of 2010-11, we are currently evolving our social responsibility strategy in order to increase the impact of the Club's initiatives and channel even more resources into the Manchester and East Manchester areas.

Manchester City Football Club

Annual Report 2010-11

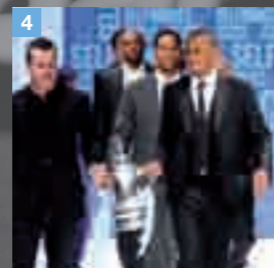
Community

The inaugural year of CITC Giving was a great success, generating significant interest and fundraising efforts from the Club's supporters and other stakeholders.



1. The bus donated to a local team in Sierra Leone by MCFC and the Supporters' Association
2. Patrick Vieira in Abu Dhabi
3. The Manchester City Santa Stroll to raise funds for CITC Giving, December 2010
4. Joe Hart and Shay Given join Marco Pierre White for the start of the Strike a Balance healthy eating programme
5. Children celebrate at a CITC soccer school in Hyde, Easter 2011





The CITC Giving initiative effectively focused the Club's fundraising and philanthropic efforts, building even stronger relationships with supporters and donors simultaneously.

- 1. CITC soccer school at Hyde
- 2. Patrick Vieira at the Kickz Anniversary
- 3. Children take part in the CITC Soccer Schools at Hyde, Easter 2011
- 4. First team players take The FA Cup down the catwalk at Shay Given's Fashion Kickz, May 2011
- 5. Joleon Lescott drives the Community Transport minibus, bought with money donated by CITC Giving
- 6. Bernard Halford becomes only the second ever life president after 50 years of service to the Club
- 7. Children take part in the CITC Soccer Schools at Hyde, Easter 2011

Community

1. The 1904 FA Cup winning City team
2. Alex Williams presents the first ever Connell Award to the Ardwick Lads Amateur Boxing Club
3. Shay Given joins a group of school children to learn about healthy eating with Marco Pierre White as part of the Strike a Balance programme
4. Pablo Zalabeta, Vincent Kompany and Nigel De Jong attend the official opening of the Football and Tennis Centre
5. Garry Cook hands over the keys to the CITC office in the East Manchester Academy



Establishment of the Connell Awards

- The establishment of the Connell Awards was announced at the Manchester City Football Club end of season awards dinner in May 2011 with the opening of applications set for August 2011.
- The awards are named after the Connell family who were instrumental in the founding of the football club that would eventually become Manchester City FC.
- The Connell Awards will provide small grants of between £300-£5,000 to individuals and organisations seeking to deliver football and urban sports programmes to disadvantaged young people in the East Manchester area.
- Individuals and organisations receiving support through the Connell Awards must be nominated by a supporter of Manchester City Football Club.
- By supporting individuals and organisations already seeking to make a difference, the Connell Awards actively focuses on the existing strengths of the local community rather than its challenges.

Responsible Corporate Citizenship

- The Club has continued to publish its annual CSR report which includes a comprehensive review of the Club's social and environmental performance each year.
- In 2010 the Club's CRC (Carbon Reduction Commitment) submission was externally audited and met all expectations.
- The environmental impact of events, match days, travel and transport, fugitive energy and the need to act responsibly has been recorded and documented annually since 2006 with the Club's carbon footprint being reduced by around 30 percent per annum over the same period.
- An all-new waste compound was built in 2010 helping the Club achieve zero landfill with full audit trails while recycling and reuse have been promoted and applied throughout our operations.
- The Club was an active participant in Climate Week 2010, engaging local schools, providing bicycles for staff, running online promotions and participating in Earth Hour.
- The Club measures and monitors all of its energy, transport and traffic impact, reducing such impact by no less than 10% per annum.
- Local companies have been engaged in the supply of materials for construction and fit-out including locally manufactured paint, flooring, carpet, steel, bespoke furniture, office furniture and external ground surfacing.
- The Club also procures a range of continuing items locally including stationery and service functions such as local construction, electrical products supply and transport.
- The Club seeks to ensure that where practical, its local contractors have appropriate supply chains and local employment regimes of their own.

Deepening Ties with Abu Dhabi

- The Club built upon its three-year Memorandum of Understanding with the Abu Dhabi Sports Council by hosting a delegation of football managers and administrators from a range of Abu Dhabi clubs and hosting a "coach-the-coaches" session in Abu Dhabi.
- The Abu Dhabi-Manchester Scholarship Programme completed its second successful year this summer with two boys from the original cohort set to complete their football scholarship in the year ahead.
- The City in the Community programme hosted a football clinic for disabled children as part of a long-term partnership with the Zayed Higher Organization for Humanitarian Care in March 2011.
- The Club hosted a special premiere of the Blue Moon Rising film in Abu Dhabi attended by City legend Mike Summerbee and stars from the film in November 2010.
- The Club was a sponsor of the "Majid Junior Football Tournament" in May 2011 in which more than 300 children participated.





A young fan at a CITC soccer school in the USA



- 1. Kevin Parker (MFCSC) and Sarah Lynch present Patrick Vieira with the Community Player of the Year Award 2010-11
- 2. Children take part in the CITC Soccer School at Hyde, Easter 2011
- 3. Carlos Tevez with patients at the Royal Manchester Childrens Hospital at the opening of the MCFC funded play area
- 4. Children take part in the CITC Soccer School at Hyde, Easter 2011



04

Commercial and Operational Excellence

Commercial and Operational Excellence. In 2010-11 Manchester City Football Club has continued expanding its commercial and operational capabilities while witnessing tangible results from the significant work that has occurred in recent years.



Manchester City Football Club

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Commercial and Operational Excellence

The Club has achieved an ongoing increase in revenue from multiple sources in the last year by improving our performance in many areas across the organisation including partnerships, ticketing, hospitality, catering and broadcasting.

In the last year we have combined our brand and commercial functions in order to more effectively coordinate our marketing and sales operations. The introduction of a world-class Customer Relationship Management (CRM) system is expected to enable us to provide more targeted outreach to our supporters in the future, delivering to them a more personalised experience when interacting with the Club.

We have expanded our corporate partnership offering, working closely with each of our partners, tailoring their involvement with the Club to their particular needs and priorities. We held another successful partners' forum in Abu Dhabi in March 2011 designed to promote greater dialogue between the Club and its partners and to develop new ideas.

Working with our retail partner Kitbag, we opened a flagship CityStore on Market Street in Manchester followed shortly after by the launch of a new store in Abu Dhabi – the Club's first outside the UK. We have refurbished the retail site at the Etihad Stadium to the same standards as our newest stores. Our online shopping experience has improved further during the last year, making it more convenient than ever for our supporters to shop in ways that suit them.

In the stadium, we have continued to upgrade our corporate hospitality offering, seeking to create more of a unique experience for all our guests. We have worked with a number of our partners to create exciting new concept boxes. We are also working hard to more effectively utilise our match day facilities and capabilities for conferences and events on non-match days.

Our infrastructure, facilities and grounds management teams have also had another successful year, with the Club winning the Premier League Groundsman of the Year Award for 2010-11, without a single game or training session being cancelled despite the particularly severe weather conditions experienced during winter. The team also established a new pitch in partnership with local non-league club Hyde FC, and three outdoor pitches under the banner of the City in the Community programme in partnership with the Manchester City Council and the Manchester Sport and Leisure Trust.

Internally, we have completed the introduction of a range of new benefits for our employees including private health insurance, group income protection, life insurance and an improved pension plan, while also completing our first successful year supported by the Club's new performance development system.

2010-11 also saw the continuation of work on the restructuring of our finance, commercial, medical and Academy functions in consultation with our existing teams to ensure we have the right resources in place in each of these areas for the next phase of the Club's evolution.



CityStore at the Stadium

Increased Revenue from Multiple Sources

- Manchester City was ranked 11th in the Deloitte Football Money League published in February 2011 on the basis of its revenue figures, with the result largely attributed to the Club's improved on-pitch performance, increased home game attendance and expanded commercial partnerships.
- Partnership revenue increased 49.7% from £32.4m to £48.5m during 2010-11.
- Broadcasting revenue increased 27.4% from £54m to £68.8m during 2010-11.
- Ticketing revenue increased 8.2% from £18.2m to £19.7m during 2010-11.
- Hospitality, catering, conferences and events revenue increased 6.1% from £9.8m to £10.4m during 2010-11.

Award-Winning Football at the Etihad Stadium

- A record number of 30 league and cup matches hosted during 2010-11.
- The Club achieved average attendance figures of 45,880 for league matches and 29,934 for cup matches with a record attendance of 47,393 for the match between City and Arsenal in October 2010.
- The pitch at the Etihad Stadium was maintained to the highest standard in the Premier League during what was Manchester's coldest winter on record with 120 days of rain and five days of snow. The Club won the respected Premier League Groundsman of the Year Award in May 2011 and the Professional Football Grounds Management Team of the Year in November 2010.
- MCFC also won the Stadium Experience Media Choice award for Best Match Day Experience in the Premier League in recognition of the Club's match day operations.

Industry Leading Partnership Offering

- The Club further cemented its relationship with Etihad Airways during 2010-11 and explored potential opportunities for establishing a deeper long-term partnership between the two organisations in the future.
- This work led to the announcement of a comprehensive 10-year partnership between the Club and Etihad in July 2011 that included an extension of the existing shirt sponsorship deal, naming rights for both the Etihad Stadium and the Etihad Campus in East Manchester, and expanded cooperation on media, business and community initiatives.
- We have worked closely with each of our partners throughout the year offering activation and outreach opportunities tailored to their commercial priorities and preferences.
- In the last year we have facilitated increased integration between our partner companies, enabling many of them to work together on activation activities associated with Manchester City.
- We have facilitated groundbreaking consultation between the Club and its partners through innovative initiatives such as the partnership forum hosted in Abu Dhabi in March 2011.
- A new trial design for our platinum boxes was unveiled and two bespoke concept boxes were created by Heineken and Harvey Nichols.

The Club achieved average attendance figures of 45,880 for league matches and 29,934 for cup matches with a record attendance of 47,393 for the match between City and Arsenal in October 2010.



More Effective Use of Facilities

- The Club has established a permanent MCFC office in London in order to more effectively implement a number of its projects and partnership initiatives.
- All of the Club's sales and service staff in Manchester have been brought together in a single office overlooking CitySquare facilitating greater cross-functional coordination between the different teams.
- A new Academy building has been established at Platt Lane to support the Club's ongoing youth development initiatives, featuring two ultra-modern changing rooms and a state-of-the-art gym and rehab concept. The new facility also boasts an 'Education Zone', with an auditorium and classroom to ensure players develop on and off the pitch.
- CitySquare has proven to be an extremely popular addition to the match day experience for supporters, through music performances, player appearances and regular events such as Live@ CitySquare.
- The Club's commercial and grounds management teams worked together to make the Etihad Stadium available for a record eight-night run of concerts in 10 days by Take That, generating significant revenue for the Club during the off-season.
- Thousands of non-football related visitors to the Etihad Stadium during the year have benefited from the lessons learned and capabilities developed as a result of the Club's ongoing efforts to meet the needs of its supporters.

An Improved Retail Experience

- In the last year we opened a flagship CityStore on Market St, Manchester in November 2010 and the Club's first store outside the UK in Abu Dhabi, UAE in February 2011.
- The CityStore at the Etihad Stadium was refurbished and expanded during the pre-season to take the retail offering to new heights with a dedicated interactive service area upstairs and a bigger more comprehensive product range downstairs. The overall look and feel was also aligned with the recently-opened Market St CityStore.
- The online retail experience has also been improved, including the introduction of new features such as 'click and collect', which enables supporters to purchase items online before collecting them from one of our stores as well as the popular gift wrapping service.
- The most popular item among our supporters during the year was The FA Cup final home shirt, with the 2010-11 season away shirt the highest selling away shirt in the Club's history.

Manchester City Football Club

Annual Report 2010-11

Commercial and Operational Excellence

In the last year we opened a flagship CityStore on Market St, Manchester in November 2010 and the Club's first store outside the UK in Abu Dhabi, UAE in February 2011.



1. Manchester City and Etisalat Officials at the signing of the Memorandum of Understanding

2-3. Moonchester and Moonbeam at the CityStore in Abu Dhabi

4-7. General CitySquare shots

8. Adam Johnson opens the CityStore in Abu Dhabi



The Club has recruited a total of 76 non-playing staff to the organisation during 2010-11 in fields as diverse as marketing, player care and support, medical and sports science, football coaching, performance analysis, scouting and recruitment and HR.

Modernisation of the Club's HR Policies and Procedures

- Employees of Manchester City Football Club completed their first full year supported by the Club's new performance development system - City PDR, an online PDR tool - with the programme achieving 100% take up by staff.
- The Club has completed the introduction of wide-ranging benefits in the form of private health insurance, group income protection, life insurance and greater flexibility for staff in the management of their entitlements.
- New policies have been introduced as part of the Club's ongoing commitment to best practice in human resources.
- All full-time employees of Manchester City Football Club were invited to attend The FA Cup Final at Wembley Stadium with free transport provided to London.
- In the last 12 months 53 training courses were delivered to 428 staff in disciplines as diverse as executive leadership, customer service, spectator safety and basic computer skills.
- A staff survey was launched giving employees an opportunity to comment on specific topics and identify areas requiring additional focus by the organisation.

The Right Formation for Success off the Pitch

- The Club has continued its efforts to establish the most effective structure for the organisation's longer-term growth and success.
- We have reviewed and are in the process of expanding our financial, commercial, medical and Academy functions to more effectively meet the current and future needs of the organisation.
- The introduction of a world-class CRM function is expected to facilitate improved resource management and coordination within the organisation, while also enhancing our ability to provide our supporters with a more personalised experience in the future.
- The Club has recruited a total of 76 non-playing staff to the organisation during 2010-11 in fields as diverse as marketing, player care and support, medical and sports science, football coaching, performance analysis, scouting and recruitment and HR.



1



2

1. Garry Cook presents Lee Jackson with the 'Outstanding contribution' award
2. MCFC stewards at Etihad Stadium in 2011



Fans 'Raise the Flag' to show a giant blue moon in the family stand

Statement from the Chief Operating Officer. The 2010-11 financial year has been characterised by ongoing investment in Manchester City Football Club's capabilities both on and off the pitch as part of a long-term transformation plan for the organisation.



Manchester City Football Club

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Statement from the COO

The primary focus of this investment, as with that of the prior reporting period, has been to provide the Club with a strong foundation upon which it can achieve long-term success and sustainability over time.

There is evidence to suggest the Club is moving in the right direction.

In terms of the team's performance on the pitch and the ongoing expansion of the Club's capacity to generate revenue we have made significant progress in recent years. In the last year alone the Club's turnover has increased by 22.5% (from £125.1m to £153.2m) and exceeded the £150m threshold for the first time in our history.

However, the comprehensive nature of the transformation strategy and the pace at which it is being implemented continues to have a significant impact on our annual financial performance.

For 2010-11 the Club has reported a net loss on a recurrent operations basis of £160.5m with additional exceptional charges of £34.4m for the current year, principally related to the revised carrying values of intangible assets.

The overall result reflects an increase in operating expenses principally driven by staff costs and player compensation in addition to increased costs for the amortisation of player contracts.

However, it also marks the peak of a major period of investment in the playing squad with player compensation and contract amortisation costs for Yaya Toure, David Silva, Mario Balotelli, Aleksandar Kolarov, James Milner, Jerome Boateng and Edin Dzeko, all of whom joined the Club in 2010-11, being reported for the first time.

In terms of the team's performance on the pitch and the ongoing expansion of the Club's capacity to generate revenue we have made significant progress in recent years.

Losses of this scale will not be repeated. Consistent with the Club's transformation strategy and stated ambition of commercial sustainability, and mindful of the incoming UEFA Financial Fair Play regulations, this year's results are expected to represent the bottoming out of financial losses at Manchester City before the Club is able to move towards a more sustainable posture in all aspects of its operations in the years ahead.

This is already evident in the Club's approach to player transfers. Having purchased seven full international first team players during the 2010-11 season, the summer 2011 transfer window has seen the Club reduce first team player acquisitions to six new players while selling six and putting 16 out on loan. In addition, the Club has continued to invest in the acquisition and development of youth talent through our highly respected Academy.

Most encouragingly of all, the Club has demonstrated a further expansion of its capacity to generate revenue from multiple sources during 2010-11, with key highlights as follows:

- Match day ticketing revenue increasing by 8.2% on the previous year (from £18.2m to £19.7m), driven by increased average attendances, UEFA Europa League matches and FA Cup matches.
- Television rights income increasing by 27.4% on the previous year (from £54m to £68.8m), largely driven by highest-ever finishing position in the Premier League, participation in the UEFA Europa League and the Club's historic run in The FA Cup.
- Commercial partnership revenue increasing by 49.7% on the previous year (from £32.4m to £48.5m), driven by the full year impact of continued long-term partnership deals with Etihad Airways, Umbro, Aabar, Abu Dhabi Tourism Authority and Etisalat.
- Match day hospitality, catering, conference and events revenue increasing by 6.1% on the previous year (from £9.8m to £10.4m), reflecting increased demand for match day hospitality products throughout the stadium.
- Profitability from retail activities increasing to £2.6m following the entering into a long-term partnership with leading online retailer Kitbag to handle all club retail operations, including the opening of new retail stores in both Manchester and Abu Dhabi.

In addition to the projected benefits of participating in the UEFA Champions League in the season ahead, a number of developments announced in the post year-end period are also expected to expand the Club's financial and operational capabilities.

The signing of a comprehensive ten-year partnership between the Club and Etihad Airways in July 2011 is expected to have a positive impact on the Club's financial position over the next decade while providing new opportunities for our two organisations to expand cooperation between our businesses, most notably on the site of the new Etihad Campus.

Meanwhile, the commencement of a public consultation process and subsequent planning application for the proposed development of a world-class youth training and football development facility in East Manchester represents a unique opportunity for the Club to expand its in-house player development capabilities and reduce the level of investment required for inward player transfers in the future.

Finally, underpinning the long-term nature of investment in the Club, the capital base has also been further strengthened in 2010-11 with £176.7m of new equity issued during the year and an additional £114.2m of equity issued in the post year-end period. This expansion of the equity base of the Company is consistent with prior period practice, strengthening the Club balance sheet through the issue of new equity rather than debt based funding.

Graham Wallace
Chief Operating Officer

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Directors and Advisors

Directors of Manchester City Limited

K Al Mubarak	(Chairman)
J MacBeath	(Interim Chief Executive Officer)
S Pearce	
M Edelman	
M Al Mazrouei	

Club Secretary

R Baker

Registered Office	Registered Number
Etihad Stadium, Manchester M11 3FF	2989498

Bankers

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

Auditors

BDO LLP, 3 Hardman Street, Manchester M3 3AT

Solicitors

Shearman & Sterling LLP, Broadgate West, 9 Appold Street, London EC2A 2AP

Board of Directors

The Board of Directors comprises:

Khaldoon Al Mubarak *Chairman*

Khaldoon Al Mubarak was appointed to the Board on 23 September 2008. He is CEO & Managing Director of Mubadala Development Company and Chairman of the Executive Affairs Authority of Abu Dhabi. He is also a Director of First Gulf Bank and ALDAR Properties.

John MacBeath *Interim Chief Executive Officer*

John MacBeath is a Chartered Accountant with extensive international business experience in the oil and gas and aerospace industrial sectors. He joined the Board in January 2010 and was appointed Interim Chief Executive Officer in September 2011.

Mohamed Al Mazrouei *Non-Executive Director*

Mohamed Al Mazrouei joined Abu Dhabi Media Company as Chairman of the Board in July 2010. Mr Al Mazrouei is Under Secretary to the Abu Dhabi Crown Prince's Court, a role he assumed in April 2008. He also serves as a board member for Etihad Airways.

Simon Pearce *Non-Executive Director*

Simon Pearce was appointed to the Board on 23 September 2008. He is Executive Director of Strategic Communications Affairs for the Executive Affairs Authority of Abu Dhabi. He is also a Director of twofour54 and ADMM, the owners and operators of Yas Marina Circuit.

Martin Edelman *Non-Executive Director*

Martin Edelman was appointed to the Board on 23 September 2008. He was a Director of Cendant Corporation from 1997-2006 and was a Director of HFS from November 1993 until December 1997. He has been Of Counsel to Paul, Hastings, Janofsky & Walker, LLP, a New York City law firm, since June 2000 and currently serves as a Director of the Avis Budget Group.

Report of the Directors

The Directors submit their report and the financial statements for the year ended 31 May 2011.

Result for the year

The loss for the financial year was £197,491,000 (2010: £121,300,000). The Directors do not propose a dividend (2010: £nil).

Principal activity and review of the business

The principal activity of the Group is the operation of a professional football club. A review of the business and future developments is included in the Chief Executive's & Financial Review Statements.

Directors

The Directors who served during the year were as follows:

K Al Mubarak	(Chairman)	
J MacBeath	(Interim Chief Executive)	
G Cook	(Chief Executive)	(Resigned 9 September 2011)
S Pearce		
M Edelman		
M Al Mazrouei		

Post balance sheet events

53,860,400 shares were issued to parent company, Abu Dhabi United Group Investment & Development Limited for £114.2m in cash on 29 July 2011.

Political and charitable contributions

The Group made no political contributions during the year. Donations to UK charities amounted to £695,825 (2010: £423,856).

Supplier payment policy

The Group policy is normally to pay suppliers according to agreed terms of business rather than following any code or standard on payment practice. These terms are agreed upon entering into binding contracts and the Group seeks to adhere to the payment terms providing the relevant goods and services have been supplied in accordance with the contracts.

The Group had 11 days (2010: 27 days) of purchases outstanding at the end of the financial year.

Risks and uncertainties

The Board acknowledges that there are a number of risks and uncertainties which could have a material impact on the Group's performance. The Group's income is affected by the performance of the 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.

Report of the Directors (continued)**Financial instruments**

Details of the Group's use of financial instruments is disclosed in note 28.

Employee involvement

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

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.

Auditors

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.

On behalf of the Board

J MacBeath

Interim Chief Executive

28 September 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 and Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Report of the Independent Auditors to the Members of Manchester City Limited

We have audited the financial statements of Manchester City Limited for the year ended 31 May 2011 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the consolidated note of historical cost profits and losses 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 Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 Company's affairs as at 31 May 2011 and of the Group's loss 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.

Report of the Independent Auditors to the Members of Manchester City Limited*(continued)***Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the 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

United Kingdom

30 September 2011

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

Group Profit and Loss Account*for the year ended 31 May 2011*

	Note	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Turnover	2	153,186	125,050
Operating expenses - other	3	(229,822)	(180,153)
Operating expenses - amortisation of players	3	(83,847)	(71,006)
Operating loss before exceptional items		(160,483)	(126,109)
Operating expenses - exceptional items	3	(34,448)	-
Total operating expenses		(348,117)	(251,159)
Operating loss		(194,931)	(126,109)
Profit on disposal of players		5,344	10,262
Loss before interest and taxation		(189,587)	(115,847)
Interest receivable and similar income	5	88	696
Interest payable and similar charges	6	(4,610)	(3,992)
Stadium finance lease charges		(3,382)	(2,157)
Loss on ordinary activities before and after taxation	20	(197,491)	(121,300)
Basic and diluted loss per ordinary share (pence):	8	(58.3)	(69.6)

The results for both years relate to continuing operations.

The notes on pages 74 to 89 form part of these financial statements.

Statement of Group Total Recognised Gains and Losses

for the year ended 31 May 2011

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Loss for the financial year	(197,491)	(121,300)
Unrealised deficit on revaluation of properties	-	(1,726)
Total recognised losses for the year	(197,491)	(123,026)

Note of Group Historical Cost Profits and Losses

for the year ended 31 May 2011

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Reported loss on ordinary activities before and after taxation	(197,491)	(121,300)
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	1,214	1,214
Historical cost loss on ordinary activities before and after taxation	(196,277)	(120,086)

The notes on pages 74 to 89 form part of these financial statements.

Balance Sheets

as at 31 May 2011

		Group		Company	
	Note	2011 £000	2010 £000	2011 £000	2010 £000
<i>Registered number: 2989498</i>					
Fixed assets					
Intangible assets	10	231,771	199,028	-	-
Tangible assets	11	214,051	207,254	-	-
Investments	12	-	-	46,486	46,486
		445,822	406,282	46,486	46,486
Current assets					
Stocks	13	-	481	-	-
Debtors	14	42,964	60,200	226,224	247,023
Cash at bank and in hand		30,330	34,601	-	-
		73,294	95,282	226,224	247,023
Creditors					
Amounts falling due within one year	15	(132,948)	(87,320)	(50)	(50)
Net current (liabilities)/assets		(59,654)	7,962	226,174	246,973
Total assets less current liabilities		386,168	414,244	272,660	293,459
Creditors					
Amounts falling due after more than one year	16	(83,363)	(92,278)	-	-
Deferred income	18	(30,145)	(28,507)	-	-
Net assets		272,660	293,459	272,660	293,459
Capital and reserves					
Called up share capital	19	36,682	28,348	36,682	28,348
Share premium account	20	658,048	489,690	658,048	489,690
Revaluation reserve	20	91,084	91,084	-	-
Profit and loss account	20	(513,154)	(315,663)	(422,070)	(224,579)
Shareholders' funds		272,660	293,459	272,660	293,459

These financial statements were approved and authorised for issue by the Board of Directors on 28 September 2011 and were signed on its behalf by:

John MacBeath

Interim Chief Executive

The notes on pages 74 to 89 form part of these financial statements.

Group Cash Flow Statement

for the year ended 31 May 2011

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Note		
Net cash outflow from operating activities	25 (15,658)	(84,391)
Return on investments and servicing of finance		
Interest paid	(2,722)	(4,871)
Interest element of finance lease payments	(3,734)	(2,010)
Interest received	88	34
Net cash outflow from return on investments and servicing of finance	(6,368)	(6,847)
Capital expenditure		
Purchase of intangible fixed assets	(155,120)	(139,837)
Sale of intangible fixed assets	11,449	17,513
Purchase of tangible fixed assets	(13,263)	(41,939)
Sale of tangible fixed assets	122	–
Net cash outflow from capital expenditure	(156,812)	(164,263)
Net cash outflow before financing	(178,838)	(255,501)
Financing		
Issue of shares	176,692	135,800
Loan capital repaid	(1,754)	(23,672)
Capital element of finance lease rental payments	(371)	(273)
New debt issued	–	159,600
Net cash inflow from financing	174,567	271,455
Movement in cash in the year	26 (4,271)	15,954

The notes on pages 74 to 89 form part of these financial statements.

Notes to the Consolidated Financial Statements**1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group and Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of certain tangible fixed assets.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings up to 31 May 2011. The acquisition method of accounting has been adopted. Investments held as fixed assets are stated at cost less any provision for impairment.

Turnover

Turnover represents amounts receivable by the Group, excluding Value Added Tax and transfer fees, in respect of TV income, gate receipts, commercial activities relating to the Club and donations. Advanced season ticket sales are included within deferred income and released to turnover in the relevant season.

Match revenue is recognised over the period of the football season as games are played. Commercial and other partnership revenues are recognised over the life of the relevant contracts.

Fixed assets and depreciation

Depreciation has been charged on tangible fixed assets 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

Cost includes directly attributable finance costs.

These rates are designed to write off the assets to their residual values over their estimated useful lives.

FRS 15 requires fixed assets which are carried at revalued amounts to be shown at their current value at the balance sheet date. To achieve this the Etihad Stadium, held within long leasehold land and buildings, is subject to a full valuation on a depreciated replacement cost basis every five years with an interim valuation carried out in the third year of this cycle.

Where the Group's websites are expected to generate future revenues in excess of costs of development, then expenditure on the functionality of the website is capitalised.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Notes to the Consolidated Financial Statements

(continued)

1. Accounting policies *continued***Intangible assets**

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets.

These costs are fully amortised over the contract period on a straight line basis. Impairments in value below the amortised value are provided for when the carrying amount exceeds the amount recoverable through use or sale.

Signing on fees

Signing on fees are charged to the profit and loss account over the life of the player's contract.

Deferred tax

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19.

No deferred tax asset has been recognised as at 31 May 2011 as in the Company's opinion it is unlikely that there will be sufficient taxable profits arising in the foreseeable future for the asset to be recovered.

Leases

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Capital grants

Grants receivable in respect of capital expenditure are treated as deferred income and released to the profit and loss account over a future period. This period will equal the economic life of the assets to which the grants relate in order to match the income to the depreciation charged on those assets. Deferred grant income in the balance sheet represents total grants received less amounts credited to the profit and loss account.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are included in the profit and loss account.

Pensions

The Group is a member of the Football League Pension and Life Assurance Scheme which has been closed for new employees. All pension schemes are defined contribution schemes and all contributions are charged to the profit and loss account as they become payable.

Notes to the Consolidated Financial Statements

(continued)

2. Turnover

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Gate receipts	19,676	18,220
Television	68,827	53,962
Other commercial activities	64,683	52,814
Donations from development association	–	54
	153,186	125,050

All turnover originates in the United Kingdom.

3. Operating expenses

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Direct cost of sales and consumables	5,093	10,501
Remuneration of auditors and its associates:		
Audit fees	38	44
Other services – taxation	77	48
Hire of other assets – operating leases	654	558
Capital grants released and amortised	(53)	(3,164)
Other external charges	44,179	34,396
Staff costs (note 4)	173,977	133,306
Depreciation and other amounts written off tangible fixed assets:		
– Owned	3,115	1,696
– Leased	2,742	2,768
Amortisation of players' registrations	83,847	71,006
Exceptional items:		
– Impairment of players' registrations	29,448	–
– Provision for disputed employment costs settlement	5,000	–
	348,117	251,159
Operating expenses comprise:		
Operating expenses before amortisation of players	234,822	180,153
Amortisation of players and impairment of players' registrations	113,295	71,006
	348,117	251,159

Notes to the Consolidated Financial Statements

(continued)

4. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the financial year, analysed by category, was as follows:

	Year ended 31 May 2011	Year ended 31 May 2010
Number of employees:		
Football staff – including players	205	190
Commercial/administration staff	181	223
	<u>386</u>	<u>413</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Wages and salaries	153,650	118,359
Social security costs	18,879	13,833
Other pension costs	1,448	1,114
	<u>173,977</u>	<u>133,306</u>

Directors' remuneration:

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Emoluments (excluding pension contributions)	2,083	1,821
Aggregate payments to pension schemes	121	135
Amounts paid to third parties in respect of Directors' services	195	175
	<u>2,399</u>	<u>2,131</u>

Emoluments of the highest paid director amounted to £2,083,000 (2010: £1,821,000). Company pension contributions of £121,000 (2010: £135,000) were made to a money purchase scheme on his behalf. Only 1 director received pension contributions from the Club.

5. Interest receivable and similar income

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Bank interest	88	34
Other	–	662
	<u>88</u>	<u>696</u>

Notes to the Consolidated Financial Statements

(continued)

6. Interest payable and similar charges

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Bank loans and overdrafts	34	401
Other loans	4,511	3,498
Finance lease interest	65	93
	<u>4,610</u>	<u>3,992</u>

7. Taxation

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
(a) Analysis of tax charge in year:		
Current tax		
UK corporation tax at 28% (2010: 28%) on profits for the year	–	–
Adjustments in respect of prior years	–	–
	<u>–</u>	<u>–</u>
Tax on profits from ordinary activities	–	–

(b) Factors affecting tax charge for the year:

The current tax charge for the year varies from the standard rate of corporation tax in the UK of 28% (2010: 28%). The differences are explained below:

	Year ended 31 May 2011 £000	Year ended 31 May 2010 £000
Loss on ordinary activities before taxation	(197,491)	(121,300)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	(54,645)	(33,964)
Effects of:		
Expenses not deductible for tax purposes	1,425	144
Fixed asset timing differences	1,001	1,288
Other timing differences	4,600	816
Tax losses incurred in the year	47,619	31,716
	<u>–</u>	<u>–</u>
Current tax charge for the year	–	–

The Group has corporation tax losses available for carry forward of approximately £444 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.

Notes to the Consolidated Financial Statements

(continued)

8. Basic and diluted loss per ordinary share

The calculation of basic and diluted loss per share is based on a loss of £197,491,000 (2010: £121,300,000) being the loss for the year after taxation and the weighted average number of ordinary shares in issue for the year of 338,958,388 (2010: 174,169,044).

9. Company results

The Company has taken advantage of Section 208 of the Companies Act 2006 and has not presented its own profit and loss account. The result of the Company for the year was a loss of £197,491,000 (2010: £231,275,000).

10. Intangible fixed assets

Group	£000
Amounts paid for players' registrations:	
Cost	
As at 1 June 2010	306,479
Additions	165,063
Disposals	(57,498)
As at 31 May 2011	414,044
Amortisation	
As at 1 June 2010	107,451
Amortisation of players' registrations	83,847
Impairment of players' registrations	29,448
Disposals	(38,473)
As at 31 May 2011	182,273
Net book value	
As at 31 May 2011	231,771
As at 1 June 2010	199,028

The Company has no intangible fixed assets.

Notes to the Consolidated Financial Statements

(continued)

11. 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/valuation						
As at 1 June 2010	32,145	2,669	163,891	–	17,644	216,349
Additions	138	–	–	1,133	11,992	13,263
Disposals	–	(23)	(13)	–	(669)	(705)
Reclassification	(663)	–	–	663	–	–
As at 31 May 2011	31,620	2,646	163,878	1,796	28,967	228,907
Depreciation						
As at 1 June 2010	1,398	178	2,535	–	4,984	9,095
Charge for the year	104	59	2,534	–	3,161	5,858
Disposals	–	–	–	–	(97)	(97)
As at 31 May 2011	1,502	237	5,069	–	8,048	14,856
Net book value						
As at 31 May 2011	30,118	2,409	158,809	1,796	20,919	214,051
As at 1 June 2010	30,747	2,491	161,356	–	12,660	207,254

The Company has no tangible fixed assets.

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 15 'Tangible fixed assets':

	2011
	£000
At depreciated replacement cost	161,180
Aggregate depreciation thereon	(4,692)
Net book value	156,488
Historical cost of revalued assets	80,832
Aggregate depreciation thereon	(8,121)
Historical cost net book value	72,711

Notes to the Consolidated Financial Statements

(continued)

11. Tangible fixed assets *continued*

Tangible fixed assets are shown at their original cost to the Group with the exception of the Etihad Stadium. A full valuation was obtained by the Directors as at 31 May 2009 from GVA Grimley Ltd on a depreciated replacement cost basis and was made in accordance with the Royal Institute of Chartered Surveyors' Asset Statements of Valuation Practice and Guidance Notes. The results of this new valuation have subsequently been incorporated into the financial statements.

No deferred tax is provided on timing differences arising from the revaluation of fixed assets unless, by the balance sheet date, a binding agreement to sell the assets has been entered into and it is unlikely that any gain will be rolled over.

The net book value of fixed assets at 31 May 2011 includes £157,610,000 (2010: £160,104,000) in respect of assets on finance lease or hire purchase. Depreciation for the year on these assets was £2,742,000 (2010: £2,768,000).

The cumulative amount of interest capitalised in the total cost of tangible fixed assets amounts to £283,000 (2010: £283,000).

On 5 August 2003 Maine Road was exchanged for a 250 year leasehold interest in the Etihad Stadium. Rental payments are made quarterly based on a formula geared towards gate receipts, in excess of those achievable at Maine Road, and event income. 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 a number of assumptions have been made as the obligation varies with ticket prices, number of games and attendance levels in particular. Future attendance figures have been estimated at an average of 42,500 per Premiership fixture. An interest rate of 7.57% and an estimated long term inflation rate of 2.5% have been applied.

The finance lease liability was initially established at £34,903,000. In the year ended 31 May 2005 the assumptions were revised. This resulted in an amended initial finance liability of £39,609,000. The table below illustrates the sensitivity of the amended stadium finance lease creditor to changes in the assumptions on future attendance levels and inflation rates:

Inflation Attendance Levels	Lease Rates %	Obligation £000
35,000	1.0	9,732
35,000	2.0	10,930
35,000	3.0	12,556
45,000	1.0	38,965
45,000	2.0	45,095
45,000	3.0	53,412

Subsequent to the year end the Club entered into a new lease agreement in relation to the Etihad Stadium which will reduce the variability of the annual rental charge for the remainder of the lease period. The impact on the finance lease liability will be recorded in the financial statements for the year ended 31 May 2012.

Notes to the Consolidated Financial Statements

(continued)

12. Fixed asset investments

Company

		Shares in Group Undertakings £000	Total £000
Cost and Net book value at 31 May 2011		46,486	46,486
Cost and Net book value at 31 May 2010		46,486	46,486
	Country of incorporation	Principle activity	Class and % of shares held
Subsidiary undertakings			
Manchester City Football Club Limited	England and Wales	Professional Football Club	100% ordinary shares
Manchester City Investments Limited	England and Wales	Issuer of Loan Notes	100%* ordinary shares
Manchester City Property Limited	England and Wales	Letting of Own Property	100%* ordinary shares
Manchester City Developments Limited	England and Wales	Property Investment	100%* ordinary shares

* A 100% subsidiary of Manchester City Football Club Limited.

13. Stocks

Group

	2011 £000	2010 £000
Goods for resale	–	481

The Group held no stocks as at 31 May 2011 due to its merchandising operations being outsourced during the year.

Notes to the Consolidated Financial Statements

(continued)

14. Debtors: amounts falling due within one year

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade debtors	8,608	47,325	-	-
Debtors arising from player transfers	18,363	8,427	-	-
Amount owed by subsidiary undertaking	-	-	226,224	247,023
Amount owed by related party undertaking	-	384	-	-
Other debtors	499	-	-	-
Prepayments and accrued income	15,494	4,064	-	-
	42,964	60,200	226,224	247,023

15. Creditors: amounts falling due within one year

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Amount due to related party undertaking	7,457	-	-	-
Other loans	1,893	1,759	50	50
Obligations under finance leases	378	348	-	-
Trade creditors	2,420	3,180	-	-
Creditors arising from player transfers	75,993	61,697	-	-
Other taxation and social security	16,159	7,581	-	-
Accruals	28,648	12,755	-	-
	132,948	87,320	50	50

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Other loans	32,391	34,202	-	-
Obligations under finance leases	38,568	38,969	-	-
Creditors arising from player transfers	12,404	19,107	-	-
	83,363	92,278	-	-

Notes to the Consolidated Financial Statements

(continued)

17. Borrowings

	External Loans 2011 £000	External Loans 2010 £000
	Within one year	1,893
Between one and two years	1,782	1,811
Between two and five years	6,236	5,781
After more than five years	24,373	26,610
	34,284	35,961

External loans include £34,043,000 of loan notes (2010: £35,573,000). The first tranche of £30,300,000 is repayable in annual instalments over a 25 year period at a fixed interest rate of 7.27%. The second tranche of £13,700,000 is repayable in annual instalments over a 15 year period at a floating interest rate for the first three years and thereafter at a fixed interest rate of 7.57%. During the year £825,000 was repaid from the first tranche while another £783,000 was repaid from the second tranche. The notes are being repaid under a securitisation agreement serviced by future season ticket sales and matchday ticket sales. Details of all external loans are provided within note 28.

	Total Loans £000	Finance Leases £000	2011 Total £000	2010 Total £000
Within one year	1,893	378	2,271	2,107
Between one and two years	1,782	288	2,070	2,189
Between two and five years	6,236	256	6,492	6,259
After more than five years	24,373	38,024	62,397	64,723
	34,284	38,946	73,230	75,278

Finance leases

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

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

	2011 £000	2010 £000
Within one year	2,230	2,203
In the second to fifth years	7,912	8,240
Over five years	119,379	121,304
Less future finance charges	(90,575)	(92,430)
	38,946	39,317

Notes to the Consolidated Financial Statements

(continued)

18. Deferred income

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Within one year:				
Deferred income	28,869	27,178	-	-
Deferred credit for capital grants	53	53	-	-
	28,922	27,231	-	-
After more than one year:				
Deferred income	-	-	-	-
Deferred credit for capital grants	1,223	1,276	-	-
	1,223	1,276	-	-
Total deferred income	30,145	28,507	-	-

Deferred credit for capital grants

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

	£000
As at 1 June 2010	1,329
Grants released in the year	(53)
As at 31 May 2011	1,276

19. Called up share capital

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

	2011 £000	2010 £000
Issued and called up		
366,699,711 (2010: 283,354,382) Ordinary shares of 10p each – fully paid	36,670	28,336
20 Ordinary shares of 10p each – 2.5p paid	-	-
49,998 Redeemable deferred shares of £1 each – 25p paid	12	12
	36,682	28,348

During the year 83,345,329 ordinary shares of 10p each were issued for a consideration of £2.12 per share. The total consideration was £176,692,100 and the premium of £168,357,567 has been included in the share premium account (see note 20).

The deferred shares are redeemable by the Company at any time by giving not less than three months notice in writing at £1 or such amount together with all arrears and accruals of any dividend payable up to and including the date of redemption. On a winding up the holders of the redeemable deferred shares would rank behind the ordinary shareholders and would not be entitled to vote at any general meeting of the Company.

Notes to the Consolidated Financial Statements

(continued)

20. Reserves

	Share Premium Group and Company £000	Revaluation Reserve Group £000	Profit & Loss Account Group £000	Profit & Loss Account Company £000
As at 1 June 2010	489,690	91,084	(315,663)	(224,579)
Retained loss for the year	-	-	(197,491)	(197,491)
Issue of shares	168,358	-	-	-
As at 31 May 2011	658,048	91,084	(513,154)	(422,070)

21. Contingent liabilities

Additional transfer fees, signing on fees and loyalty bonuses of £50,442,000 (2010: £43,100,000) which will become payable upon the achievement of certain conditions contained within player and transfer contracts if they are still in the service of the Club on specific future dates are accounted for in the year in which they fall due for payment.

22. Reconciliations of movement in shareholders' funds

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Loss for the financial year	(197,491)	(121,300)	(197,491)	(231,275)
Revaluation adjustment	-	(1,726)	-	-
Issue of shares	176,692	440,736	176,692	440,736
Capital contribution	-	6,633	-	6,633
Net (decrease)/increase in shareholders' funds	(20,799)	324,343	(20,799)	216,094
Opening shareholders' funds/(deficit)	293,459	(30,884)	293,459	77,365
Closing shareholders' funds	272,660	293,459	272,660	293,459

The issue of shares in the previous financial year reflected £304.9m of capitalised shareholder loan debt as well as the issue of £135.8m of ordinary shares for cash.

23. Pension

The Group is a member of The Football League Limited Pension and Life Assurance Scheme, a pension scheme providing benefits based on final pensionable pay. Because the Group is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

At 31 May 2011 a Minimum Funding Requirement deficit was identified in the scheme, of which £170,496 (2010: £186,113) was allocated to the Group.

The latest full actuarial valuation was carried out at 31 August 2009 and was updated for FRS 17 purposes by a qualified independent actuary. The contribution for the year was £30,492 (2010: £27,648).

Notes to the Consolidated Financial Statements

(continued)

24. Commitments

The annual commitment for payments in respect of other operating leases:

	2011 £000	2010 £000
Expiring:		
Within one year	196	57
Within two and five years	-	164
After five years	-	-
	196	221

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

	2011 £000	2010 £000
Contracted but not provided for	-	2,581

25. Reconciliation of operating loss to net cash outflow from operating activities

	2011 £000	2010 £000
Operating loss	(194,931)	(126,109)
Amortisation and impairment of players' registrations	113,295	71,006
Depreciation	5,858	4,464
Loss on disposal of fixed assets	486	137
Loan fees waived	-	(2,428)
Decrease/(increase) in stocks	481	(83)
Decrease/(increase) in debtors	28,863	(27,173)
Increase/(decrease) in creditors	30,343	(1,041)
Release and amortisation of grants	(53)	(3,164)
Net cash outflow from operating activities	(15,658)	(84,391)

26. Reconciliation of net cash flow to movement in net debt

	2011 £000	2010 £000
(Decrease)/increase in cash in the year	(4,271)	15,954
Net cash flow from movement in debt	2,125	(135,655)
Movement in net cash position in the year	(2,146)	(119,701)
Debt capitalised	-	304,936
Other non-cash changes	(77)	3,722
Opening net debt position	(40,677)	(229,634)
Closing net debt position	(42,900)	(40,677)

Other non-cash changes in the current year relate to amortisation of loan issue costs. In the previous financial year it also included unpaid interest on shareholder loans rolled into additional loan debt.

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(continued)

27. Analysis of changes in net debt

	As at 1 June 2010 £000	Cash flow £000	Other non-cash changes £000	As at 31 May 2011 £000
Cash at bank and in hand	34,601	(4,271)	-	30,330
Movement in net cash position in the year	34,601	(4,271)	-	30,330
Debt due within one year	(1,759)	(57)	(77)	(1,893)
Debt due after one year	(34,202)	1,811	-	(32,391)
Net debt (excluding finance leases)	(1,360)	(2,517)	(77)	(3,954)
Finance leases	(39,317)	371	-	(38,946)
	(40,677)	(2,146)	(77)	(42,900)

28. Financial instruments and risk management

The Group's financial instruments comprise borrowings, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of the financial instruments is to finance the Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks. These policies have remained unchanged since the prior year.

Interest rate risk profile of financial assets and liabilities

The Group has no financial assets, other than short term debtors and an amount of cash at bank. The interest rate risk profile of the Group's financial liabilities as at 31 May 2011 was:

	Total £000	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non- interest financial liabilities £000
As at 31 May 2011	73,230	159	72,989	82
As at 31 May 2010	75,278	306	74,890	82

Debt is initially stated at the amount of the net proceeds after deducting any issue costs which are amortised over the life of the debt.

The weighted average date to maturity of the non-interest financial liabilities is 1 year.

The floating rate financial liabilities comprise other loans of £159,000 repayable within 1 year attracting interest ranging from base minus 2.5% to base minus 4.5% over the term, to a minimum of 0% (this loan is secured on certain assets of the Group).

The fixed rate liabilities comprise loan notes of £34,043,000 and finance lease obligations of £38,946,000 as detailed in note 17.

The maturity profile of the Group's financial liabilities as at 31 May 2011 is shown in note 17.

Notes to the Consolidated Financial Statements

(continued)

The carrying values of financial assets and financial liabilities approximate to their fair values.

29. Related party transactions

Transactions during the year ended 31 May 2011 with the parent undertaking, Abu Dhabi United Group Investment & Development Limited consisted only of the subscription for additional shares in the Club outlined in note 19.

Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment & Development Limited commenced trading in the prior year. The Group received funding on behalf of this company during the year and a balance of £7,457,000 (2010: debtor of £384,000) is included in creditors due within one year.

30. Post balance sheet events

Since the year end 53,860,400 shares have been issued for £114.2m in cash to parent company, Abu Dhabi United Group Investment & Development Limited on 29 July 2011.

Additionally, the football registrations of Sergio Aguero (from Atletico Madrid), Gael Clichy and Samir Nasri (from Arsenal FC), Denis Suarez (from Celta Vigo) and Stefan Savic (from FK Partizan) have been acquired. The registrations of Jerome Boateng (to Bayern Munich), Shay Given (to Aston Villa FC), Joao de Silva (to Sport Club Internacional), Craig Bellamy (to Liverpool FC), Felipe Caicedo (to Levante UD) and Shaun Wright-Phillips (to Queens Park Rangers) were sold. The net expenditure on these transactions was approximately £53.6m.

31. Ultimate parent undertaking

As at 31 May 2011 the Group's parent undertaking was Abu Dhabi United Group Investment & Development Limited, a company registered in the Jebel Ali Freezone. The Group's ultimate parent undertaking was Abu Dhabi United Group Investment & Development, a company registered in Abu Dhabi and wholly owned by Sheikh Mansour.

