



MANCHESTER CITY ANNUAL REPORT 2013-14

MESSAGE FROM THE CHAIRMAN



This report documents another memorable year for Manchester City Football Club. In the 2013-14 season, Manchester City won its second Barclays Premier League title in three years and also the Capital One Cup. This means the Club has now won every major domestic competition at least once in the last four seasons. Pleasingly we also progressed further in the UEFA Champions League than in previous campaigns.

We have also witnessed strong performances from our Elite Development Squad and youth teams. The achievements at every level of our Academy system demonstrate that our investment in youth development is comprehensive and effective. They should also give our supporters even greater confidence that the future of the Club is built on ever-strengthening foundations.

It is particularly encouraging that our teams of all ages have achieved these results while playing an attractive style of football. Fittingly, our first team set the tone, scoring an English record of 156 goals in all competitions in 2013-14 and exemplifying a much-admired style of play. This is the direct outcome of a well-planned and executed strategy from our football department over a number of years, and one which was designed to instil a more consistent philosophy at all levels of our coaching and development system.

The comprehensive approach we are committed to means we are never focused only on our men's first team. This year we have seen Manchester City Women's FC compete in their first season in the new FA Women's Super League. We have also deepened ties between Manchester City and its sister clubs in New York, Melbourne and Yokohama while working towards the completion of the landmark City Football Academy (CFA). Due to open in late-2014, the CFA will be among the best training and youth development facilities for any sport anywhere in the world.

We are also performing very strongly off the pitch. Consistent with our strategy, Manchester City has once again reduced its losses and has also come close to breaking even in 2013-14. Furthermore, we expect to move into profitability in the year ahead. In the last year, commercial partnerships revenue has increased by 16% to £165.8 million, broadcast revenue by 51% to £133.2 million, and matchday revenue by 20% to £47.5 million.

The establishment of the City Football Group, now with professional clubs in the UK, US, Australia and Japan, has created commercial opportunities on an entirely different scale. Today, the City Football Group is attracting global sponsors and creating what we believe is a genuinely new model for a successful sports and commercial enterprise.

Commercial success has never been an afterthought for Manchester City. It has always been an integral part of the strategy implemented under Sheikh Mansour bin Zayed Al Nahyan's direction since 2008. Now that we have moved beyond the period of heavy investment that was required to make the Club competitive again, it is commercial growth of the kind we are seeing today that will underpin and support our operations in the future. Importantly, Manchester City is entering the next phase of its development with zero financial debt.

Today our Club is where we hoped it would be when we began this transformation six years ago. Opportunities to progress in Europe remain and, as we learned two seasons ago, defending the Barclays Premier League title is a challenge unlike any other in domestic football.

However, the Club and its supporters have entered the 2014-15 season safe in the knowledge that our first trophies in decades were anything but aberrations. This is indeed a new era of stability and success for Manchester City and I am excited by what lies ahead for this great Club and everybody involved with it.

Khaldoon Al Mubarak
Manchester City Football Club, Chairman

MESSAGE FROM THE CEO



This year Manchester City has reached the levels of maturity, strength and stability that it has been working so hard towards over the past six years. The 2013-14 season marks not the end but rather the continuation of an incredible journey, with many goals and new developments ahead. In our last annual report I wrote of a transformation underway; now I believe the days of Manchester City playing catch up are over.

This season Manchester City won the Barclays Premier League for the second time in three seasons, triumphed in the Capital One Cup and improved our performance in the Champions League. Equally important, we played beautiful football, scored 156 goals, and continued to build Manchester City's reputation as one of the most exciting teams in the game today.

The Club has developed a consistent approach to the recruitment, training and development of its players. At first team level, we have a coordinated, long-term strategy to maintain stability in the squad while ensuring it remains among the best in the game. That means extending the contracts of key players, strengthening where required through well-planned, targeted recruitment, and maintaining a shared philosophy for the way we want to play football.

At youth level we are continuing to recruit, train and develop some of the best young footballers in the game with the same philosophy. A new generation of City players are on their way and are starting to show their quality with our Under 12, 14 and 18 teams all winning their leagues and national tournaments this year. The development of these young players is a key component of City's future. Making its debut this year, with a new identity, Manchester City Women's FC is seeking to bring the same kind of beautiful football to the women's game.

This year Manchester City has also reached a new level of financial sustainability. Having halved its losses season after season in the last three years, the Club has come close to breaking even in its 2013-14 operations. This year we have also accounted completely for the settlement with UEFA over disputed breaches of its Financial Fair Play regulations dating back to 2010. We have budgeted for a profit in 2014-15 and now expect to be entering the 2015-16 season with no outstanding sanctions or restrictions.

The global footprint of the City Football Group is also a key point of difference for us. With affiliated clubs in New York, Melbourne and Yokohama, and the support of a number of global partners, Manchester City now sits at the heart of an innovative and unique sporting and commercial organisation.

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MESSAGE FROM THE CEO (CONTINUED)



In addition to these positive developments, one of our most important and strategic projects, planning for which began in 2008, is nearing completion. When the City Football Academy (CFA) opens in the heart of East Manchester in late 2014 it will significantly expand the Club's ability to attract, recruit and develop the most promising young footballers both from the UK and from overseas. By providing access to world-leading facilities, coaching and education, the CFA will ensure that talented young players are given the best possible chance of succeeding in the competitive world of professional football.

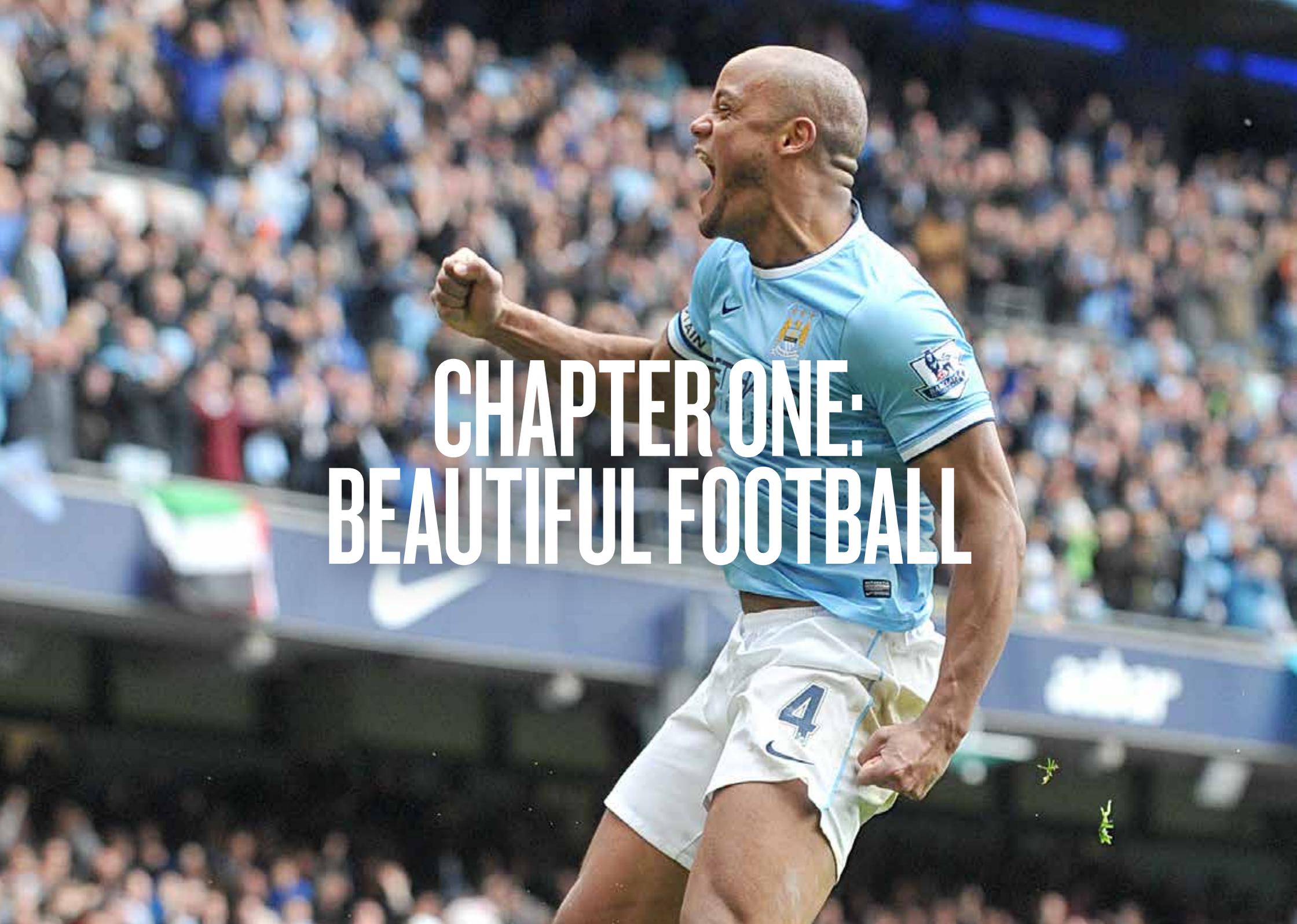
However, the CFA is much more than a training facility. From the first team, to the younger players, to our non-playing staff, the majority of Club staff will be under the same roof in a facility of unparalleled size and quality, fostering an increasingly shared culture across the organisation. Additionally, the CFA will be a home away from home for those within the wider City Football family when they are visiting Manchester. We are also deepening ties with the local community by inviting supporters and members of the public to influence aspects of the new development.

As always, all of this is at the service of the growing community of City supporters that exists in Manchester, the UK and around the world. Our local and visiting fans will soon have the opportunity to experience football at an expanded and improved Etihad Stadium and at the new 7,000-capacity Academy Stadium. Those located further afield will continue to be offered new ways to engage with the Club and participate in its initiatives. This year alone, CityVoice has enabled supporters to help shape the matchday experience today, CityStories has invited them to document unforgettable moments from the past, and our new Cityzens programme will empower members to influence many decisions in the future.

There is a lot to look forward to at Manchester City. With the opening of the CFA, the expansion of the Etihad Stadium, and more quality football on the horizon, this is truly an exciting time to be a Cityzen. Allow me to take the opportunity to recognise and pay tribute to the continued support and vision of our ownership and to thank each of our supporters, our staff and partners for their ongoing commitment to Manchester City.

We continue our journey together.

Ferran Soriano
Manchester City Football Club, Chief Executive

A football player in a light blue Manchester City kit is captured in a moment of intense celebration on the pitch. He is shown from the waist up, facing right, with his mouth wide open in a shout and his right fist clenched. He wears a light blue jersey with the Manchester City crest and a Premier League patch, and white shorts with the number 4. The background is a large, blurred crowd of spectators in a stadium, with a blue advertising board featuring a white Nike logo visible behind him.

CHAPTER ONE: BEAUTIFUL FOOTBALL

OVERVIEW



Manchester City reclaimed its place at the top of English football in 2013-14, winning the Barclays Premier League – for the second time in three years – and the Capital One Cup.

The Club also reached the knockout stages of the UEFA Champions League in its most promising campaign yet in this elite European competition.

In a season full of excitement, the Manchester City first team scored an English record of 156 goals in all competitions during 2013-14, including a Club record of 102 goals in the Barclays Premier League. Its 18 goals in the group stage of the UEFA Champions League was the second highest total of all teams in that stage of the competition. The team's victory in the Capital One Cup saw Manchester City win its first league cup since 1976 and the third in its history.

In January 2014, Manchester City Women's FC was officially re-launched in advance of its inaugural season in the new FA Women's Super League. The women's team now benefits from the same technical and commercial capabilities that have underpinned the success of our men's teams in recent years.

The Elite Development Squad completed its first season under the leadership of Patrick Vieira and performed strongly in four competitions, including a top four finish in the U21 Premier League, a second place finish in the U21 Premier League Cup and in the case of the U19 side, a final eight finish in the UEFA Youth League. The next generation of talent at Manchester City has continued to attract growing interest from the Club's supporters with up to 4,000 spectators attending key matches during the season.

Our youth teams have continued to excel this year with our U12's, U14's and U18's all winning silverware, whilst Manchester City also became the first club to have seven players selected for the England U16 side in a single season.

Work has continued on the landmark City Football Academy (CFA) due to open in late 2014. This elite facility will enable the Club to deliver world-leading football services to all of our men's, women's and youth teams from a site adjacent to the Etihad Stadium that will include the new 7,000-capacity Academy Stadium.

The City Football Schools have also continued to deliver high-quality coaching to children and young people in Abu Dhabi, South Africa, New York and Melbourne.

FIRST-TEAM SQUAD



Manchester City won the Barclays Premier League for the second time in three seasons in May 2014, winning four more games than in the previous season, and the Capital One Cup in March 2014.

In a season full of memorable performances and attacking play, the Club set a new record for top-flight English football by scoring 156 goals in all competitions this season. 102 of those goals were scored in the Barclays Premier League, at an average of 2.7 goals per game. This goal tally was a Club record and the second highest number of goals scored by any club in the competition's history. Manchester City became one of just three clubs ever to have passed the 100-goal threshold.

On average, Sergio Agüero scored every 90 minutes he was on the field, making him the most efficient striker (in terms of minutes per goal) of any club in the Premier League — not only in the 2013-14 season but also since the Premier League began.

The team's goal difference of 65 in the Barclays Premier League — 14 goals higher than its nearest opponent — set a Club record that has only been bettered once in the history of the Premier League.

City's home record was also the best in the Premier League in the 2013-14 season.

Manchester City made the last 16 of the UEFA Champions League for the first time in its history, winning more games in the group stage (five out of six) than in any previous season.

The 18 goals scored by Manchester City in the group stage of the Champions League was the second highest of the 32 teams in the competition.

Manchester City's victory in the Capital One Cup saw the Club win its first league cup since 1976 and only its third in the history of the competition.

The Club has continued to refine its first team squad, making just five signings in 2013-14. This represents the smallest number of signings in the last five years and as such represents a targeted point of stabilisation for the first team. Five players were sold or released and the squad size remained the same after two successive reductions in previous seasons.

MANCHESTER CITY WOMEN'S FOOTBALL CLUB

The Club was delighted to unveil the new identity of the renamed Manchester City Women's Football Club in January 2014.

During the 2014 inaugural season, Manchester City Women's FC played its first matches in the top tier of the new FA Women's Super League, with live games broadcast on BT Sport giving the new league greater exposure.

Six international players joined the already established Manchester City Women's FC squad during the year, including both the England first team captain, Steph Houghton, and the England U23 captain, Isobel Christiansen.

Manchester City is ensuring that its Women's team has access to the same world-leading facilities, technical expertise and commercial capabilities as its men's teams. Training will take place at the soon-to-be-opened City Football Academy and home matches will be played at the 7,000-capacity Academy Stadium.

Manchester City is also helping to oversee the Manchester City Women's FC Development Squad, which has been established to develop promising female talent and create new pathways for women into higher-level football. This squad finished second in the FA WSL Development League Northern Division for 2013-14.

Off the field, Manchester City Women's FC reached more than 2 million "likes" on its Facebook page during 2013-14, surpassing 12 men's teams in the Barclays Premier League.

The team's non-commercial partnership with the Women's Sport and Fitness Foundation – the first of its kind for the WSFF – was announced in April 2014, and is designed to raise awareness about the opportunities available to women and girls through sport.



ELITE DEVELOPMENT SQUAD

The Manchester City Elite Development Squad (EDS) was highly competitive in four competitions under the leadership of Patrick Vieira in 2013-14.

The U21 side's fourth place finish in the U21 Premier League saw them qualify for the top tier of a new Barclays U21 Premier League in 2014-15. This new competition promises to replicate the experience of the Barclays Premier League with more matches to be played in main stadia and U21 matches to be broadcast live on Sky Sports and BT Sport for the first time.

The U21 side also reached the final of the U21 Premier League Cup in 2013-14 and played more than 30 matches in all competitions during the season.

Additionally, the U19 side qualified for the knockout round of the new UEFA Youth League and achieved its best performance in a major European competition by reaching the final eight.

The EDS is continuing to attract the interest of Manchester City supporters, with 4,000 fans attending a UEFA Youth League match against Benfica, and active interest via the Club's social media channels.

The Manchester City EDS teams will eventually join the Women's team in playing their home matches at the Academy Stadium.



YOUTH DEVELOPMENT

Manchester City's Academy has continued to grow during 2013-14 with 185 scholars in its ranks, representing an increase of 34% over the last three years.

The Academy sides performed strongly in 2013-14 with our U12 and U14 teams winning their national championships, and the U18's becoming Premier League North Division Champions.

Significantly, ten Academy players graduated to the EDS in 2013-14 and, further underlining promising developments in this area of the Academy, Manchester City became the first club to have seven players selected for the England U16 side in a single season.

The introduction of a strong methodology throughout the Academy's training and development system has seen City teams of all ages playing a consistent style of attacking football. This was exemplified by the U18 side, which scored 87 goals in 31 games, at an average of 2.8 goals per game, on their way to securing the Premier League North Division Trophy.

Furthermore, coaching hours rose across all age groups in the Academy, with more than 2,000 player-hours of coaching delivered per week in 2013-14. This included increases for the U12 and U13 scholars that joined the St Bede's education programme this season.

The Club acknowledges that not all youth players will go on to play at the highest level and that even those that do will eventually retire. Manchester City's partnership with St Bede's College and the establishment of the new Connell Sixth Form College adjacent to the CFA is testament to the Club's holistic approach and its belief in the importance of providing our Academy scholars with a quality academic education alongside their football training. In 2013-14, 10 players were conducting studies at the Connell Sixth Form College and 68 12-16 year olds were in full-time schooling at St Bede's College.

The results of this approach are encouraging. The 2013-14 season saw the first cohort of Manchester City FC scholars sitting their GCSE exams at St Bede's College. The overall GCSE pass rate for the entire group of City scholars was 10 points above the national average at 79%.

The Club also remains committed to the professional development of its coaches, with a former Academy coach appointed as the Manchester City Women's FC manager and a former Academy skills coach appointed to join the U21 coaching set-up.

Finally, in both 2013 and 2014, the Club's first and second year Academy scholars joined the EDS for pre-season training in Croatia in order to prepare for the season ahead and facilitate greater interaction between players at this critical phase in their development.



CITY FOOTBALL ACADEMY

Work is nearing completion on one of the organisation's most important and strategic projects – the landmark City Football Academy (CFA). Conceived in the Autumn of 2008 and designed following two years of exhaustive research, it is expected to open in late 2014.

Adjacent to the Etihad Stadium and connected by a bridge for public use, the CFA will provide unparalleled facilities for all who use it and represents the most significant investment by any football club in youth coaching and development.

The Academy, which will bring together the Club's playing and non-playing operations onto one site, will include 16 football pitches, world-class medical, sports science and educational facilities, on-site accommodation and the 7,000-capacity Academy Stadium that will become the home ground of Manchester City Women's FC and the Manchester City youth teams.

It is also expected that affiliated clubs such as New York City FC and Melbourne City FC will train at the CFA in advance of their respective seasons.

The CFA is expected to transform the Club's youth development and training capabilities and create a new globally relevant centre of sporting excellence in the heart of East Manchester.



CITY FOOTBALL SCHOOLS

The City Football School in Abu Dhabi expanded its offering this year through the introduction of a specialised Development Squad programme, the securing of a new indoor venue and the addition of fourth term courses for the first time. Demand remains strong with the number of participants at the City Football School in Abu Dhabi rising by 59% during 2013-14 to 2,275. Participants from more than 50 different countries attended the programme.

City Football Schools also established a three-year partnership with the Abu Dhabi Sports Council to deliver coaching education programmes to representatives of five Abu Dhabi-based clubs at the Manchester City Academy.

City Football Schools also continued its partnership with Mpumalanga Black Aces FC in South Africa during 2013-14, delivering three clinics in Johannesburg and hosting a visiting youth team at the Manchester City Academy in March 2014.

During 2013-14 more than 500 young players participated in the City Football Schools clinics in Johannesburg, while the visiting youth team played a match against a U13 side from the Manchester City Academy and met members of the Manchester City first team.

In June and July 2014, City Football Schools delivered coaching to more than 300 young people in Melbourne, Australia, the home of Melbourne City FC.



A large crowd of football fans is shown in a stadium, celebrating. Many fans are wearing blue and white scarves and jackets. The text "CHAPTER TWO: STRONGER TOGETHER" is overlaid in the center of the image. In the background, a large stadium filled with spectators is visible, with an "Etihad" sign on the top of the stands. The scene is filled with energy and excitement, with fans cheering and raising their hands.

CHAPTER TWO: STRONGER TOGETHER

OVERVIEW



Manchester City is at the centre of an active community of football supporters in the UK and around the world. Believing that we really are stronger together, the Club is committed to providing its fans, partners, employees and other stakeholders with meaningful opportunities to participate in the City experience.

The Club welcomed almost 80,000 unique visitors to the Etihad Stadium from more than 100 countries in all competitions during 2013-14. It also expanded consultation with its supporters through a new initiative named CityVoice, inviting more than 4,500 members to work closely with the Club to help shape aspects of the matchday experience. Innovative initiatives such as CityStories and the new Cityzens membership programme have also created new opportunities for participation and engagement during the year.

We have deepened collaboration with our commercial partners to identify goals and objectives that we can achieve together. This year Manchester City almost doubled its number of UK and global partners and significantly expanded its regional partnerships. Overall, the number of partnerships rose by 133% year-on-year, reflecting the Club's growing international profile and commercial capabilities.

The Club has maintained its commitment to the local community, with the City in the Community programme positively impacting more than 45,000 people during the year. Consistent with our belief that football has the power to improve health outcomes, boost confidence, teach important values and help create stronger communities, the Club has continued to deliver football opportunities for children and young people in Manchester in addition to its healthy eating, active lifestyle, education and inclusion initiatives.

As the City Football Academy (CFA) nears completion, the Club remained on track to meet its procurement target for 70% of the construction workforce to come from Greater Manchester. By summer 2014, the project had provided jobs for 89 people that were formerly unemployed, and 90% of apprentices and trainees had found continuation roles or permanent positions. 80% of the project value has been spent in the North West region. Meanwhile, the Beswick Community Hub, built partly on land donated by Manchester City, will be the new home of the Connell Sixth Form College, as well as a new leisure centre and a world-class sports science institute.

Just as the Club ensured open and active consultation with its community as it developed its plans to create the CFA, it also conducted an eight-month consultation on the potential expansion of the Etihad Stadium. Following this period of dialogue and the subsequent granting of planning permission, Laing O'Rourke commenced building work on the project in March 2014. The first two phases of the expansion project will increase the capacity of the Etihad Stadium to more than 55,000 in advance of the 2015-16 season.

TICKETS AND MEMBERSHIP

Manchester City marked a record year in terms of visitors and attendances in 2013-14, as it welcomed fans from more than 100 countries to watch football at the Etihad Stadium.

The Club sold out 18 of its 19 home matches in the 2013-14 Barclays Premier League, with an overall occupancy rate of 99%, and hosted a total of 29 home games in all competitions.

Average attendance at the Etihad Stadium was 47,091, the highest in the Club's history, with the full allocation of 36,400 Seasoncards sold out in 2013-14.

Manchester City has maintained its commitment to affordability by providing supporters with a range of pricing options, including the cheapest season ticket in the Barclays Premier League at £299.

As part of the "Away Fan Initiative", Manchester City offered half-price tickets to supporters travelling to three away games over the course of the season, and enhanced the experience for opposition fans at the Etihad Stadium.

The Club's commitment to competitive pricing in the expansion of the South Stand, together with a range of ticketing and hospitality options, has seen more than 7,500 supporters join a waiting list to secure Seasoncards.

Meanwhile, the SkyBlue membership for Manchester City supporters in the UAE reached 24,000 members during the year.



ACTIVE PARTICIPATION



Through a new initiative known as CityVoice, more than 4,500 members worked closely with the Club throughout the year to help shape aspects of the matchday experience. Examples include designing the mosaic displayed at the UEFA Champions League match against Barcelona and selecting the chant sung when Manchester City scored its 100th goal of the season.

At the suggestion of its supporters, the Club introduced a new system enabling fans to vote directly for the Man of the Match via Twitter.

Further to this, the new CityStories app saw more than 2,500 supporters submit their own Manchester City memories, creating a collective history of the Club built by the fans that had been viewed more than 130,000 times by the end of the season.

The Club hosted a dedicated women's evening at the CityStore in Manchester in December 2013 to introduce the Manchester City Women's FC team and launch a new women's clothing range created by Nike.

Manchester City worked closely with supporters of all ages during the year to develop its new Cityzens membership programme unveiled in July 2014. The programme launched with the Mission:Cityzen campaign to recruit the most passionate fan to manage the Cityzens project on a full-time basis. After a two-month search, the eventual winner, Lee Kelly, was paid a personal visit to his home by Sergio Agüero to offer him the role.

Through a partnership between City in the Community and local company Z Arts, Manchester City supporters were invited to submit drawings on the positive impact of football to help inspire a 35x3 square-metre wall painting to feature on the South Stand of the new Academy Stadium.

PARTNERS OF CHOICE

Manchester City delivered on its previously-stated plans to achieve increased commercial revenues in 2013-14, growing the range, value and geographical diversity of its partners.

The Club's commercial partnership revenues increased by 16% to £165.8 million during 2013-14. The number of UK and global partners increased from 14 in 2012-13 to 25 in 2013-14, a 79% increase. Alongside this, a strategic emphasis on generating new regional partnerships saw the Club entering agreements in major markets including Thailand, Indonesia and South Africa in the last year. In total, the Club had ten regional partners in 2013-14 – nine of which were new – in addition to the 25 UK and global partners. Overall, the Club had 35 active commercial partners in 2013-14, 133% more than in the previous season.

The establishment of the City Football Group, with clubs in the United Kingdom, United States, Australia and Japan, has expanded the commercial potential of the organisation and has already facilitated global partnerships with companies such as Nissan, Etihad and Hays.

Manchester City has also found new ways to integrate the expertise of its partners into its day-to-day operations. For example, iON cameras are being used by the media and coaching teams, Etihad is advising on accommodation within the CFA and Hays is assisting in the area of recruitment.





EA SPORTS Matchday Interaction

A guerilla-style promotional campaign accompanied the launch of EA SPORTS' Plants vs. Zombies 2: Garden Warfare game, with zombie mascots engaging with fans and players around the Etihad Stadium on a matchday. The zombies joined the MCFC mascots to welcome the team at the start of the game, and participated in the half-time on-pitch competition. Photos and videos were shared online across the MCFC and EA SPORTS channels, while a post-match competition to win copies of the game drew more than 50,000 likes on Facebook.

iON Cameras

Manchester City worked with iON, its Official Global Sports Action Camera Partner, to showcase its products by creating compelling content around the unique moments when City won the 2013-14 Premier League title. On the last day of the season, City placed iON cameras around the Etihad Stadium in the dressing room, the tunnel and the stands, to offer a unique view of the action and atmosphere as the Club won the league title, while cameras on the parade bus the following day captured the players' and fans' celebrations. The footage generated more than 20,000 views on YouTube and drove traffic to iON's website.





HAYS: Building Winning Teams

After coming on board as City's Official Recruitment Partner, Hays rolled out a year-long campaign building on the parallels between the worlds of work and sport, helping it to target decision-makers and recruitment candidates around the world. The global media campaign included the "Right Skills" video, shot at the Etihad Stadium and featuring MCFC players and staff, which went on to become Hays' most successful social media campaign ever.

First Gulf Bank: MCFC Affinity Credit Card

Taking advantage of City's rapidly expanding fan base across the UAE, the Club teamed up with First Gulf Bank to launch a branded credit card offering customers a range of lifestyle benefits, MCFC privileges and exclusive experiences. The launch advertising campaign ran across multiple channels, using the tag-line "My Passion, My Card", and included innovative elements such as a regional MCFC bus parade. 10,000 cardholders signed up within the first 100 days of product launch, representing First Gulf Bank's most successful new product launch to date.



RESPONSIBLE CORPORATE CITYZENS



Manchester City has maintained its commitment to responsible corporate citizenship during the year through its social, environmental, employment and procurement practices, most notably in the ongoing construction of the CFA.

64% of the workforce on the CFA construction was drawn from Greater Manchester, up to June 2014. The CFA project remains on track to meet its 70% local employment target.

By the end of Summer 2014, Manchester City's construction partner BAM had provided 34 work experience placements and employed 89 people that were previously unemployed on the construction of the CFA.

BAM also helped provide literacy education and additional training for employees during the construction project, with more than 14,000 hours of onsite training provided for the workforce, including 95 trainees working towards qualifications.

With the CFA nearing completion, Manchester City is working to ensure those employed on the site have access to new employment opportunities. 90% of apprentices and trainees on site had found continuation roles or permanent positions.

80% of the project value at the CFA was spent in the North West, with almost 900 contracts awarded to local companies by the end of Summer 2014.

Manchester City has continued to monitor its electricity use, water use and carbon footprint during the year, and ensured that none of the Club's waste has gone to landfill in 2013-14.

Consistent with a commitment to offset its carbon emissions, Manchester City planted more than 2,000 mature trees in East Manchester, almost 3km of hedgerow and some 46 acres of managed grass, wildflower meadow and landscape, creating a new wildlife corridor. The Club achieved a 27% reduction in its carbon footprint in 2013-14.

CITY IN THE COMMUNITY



Manchester City's landmark City in the Community programme continued to make a positive contribution to the community of Manchester in 2013-14, impacting more than 45,000 people through more than 400,000 individual contacts during the year. A total of £1.3 million was raised in the year, including private funding, sponsorships and donations from supporters.

The Club is increasingly placing football at the heart of its community initiatives while seeking to generate tangible benefits in terms of employment, crime prevention, inclusion and health and wellbeing.

During 2013-14, Manchester City delivered more than 41,000 hours of community work in Manchester through more than 9,000 individual community sessions, including more than 1,300 hours of free football programming during school holidays and other recognised peak periods of anti-social behaviour.

The Club also provided 158 young people with volunteering opportunities, and in excess of 1,700 hours of work experience placements, as well as helping 1,100 local residents gain new qualifications in 2013-14.

City in the Community employed four new apprentices during 2013-14 under an apprenticeship scheme launched in October 2010.

Encouragingly, Manchester City witnessed a significant increase in the number of female participants in its programmes in 2013-14, with the proportion rising to 34%. The Club will aim to grow this figure further in the future. In March 2014, City held an event with the British Heart Foundation exclusively for women, designed to highlight how heart-related problems are not exclusively a male issue.

Every member of the first team squad visited a community programme, and 250 children facing varying life challenges visited the Carrington Training Centre for VVIP visits.

More than 1,000 items of signed merchandise were donated to more than 700 different charities during 2013-14.

DIVERSITY AND INCLUSION



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

The Club has continued to support high profile campaigns to tackle discrimination, including Kick It Out, Show Racism the Red Card and Football V Homophobia.

In February 2014, Manchester City received Kick It Out's Intermediate Equality Standard Award designed to recognise excellence both within the organisation and in supporter and community involvement.

In November 2013 the Club worked with Kick It Out on a "Raise Your Game" event designed to inspire women looking for a career in the football industry.

As part of Manchester City Women's FC's collaboration with the Women's Sport and Fitness Foundation, WSFF delivered training sessions for CITC coaches in April 2014.

City continued to support the Gay Football Supporters Network and gay football team "Village Manchester FC", and a new gay supporters group – "Canal Street Blues" – was formed. Football V Homophobia also delivered sessions for Academy scholars on recognising and tackling discrimination based on sexuality.

City in the Community expanded its provision of disability sport during the year with the introduction of the Powerchair Football programme, while the Club continued to liaise closely with the Manchester City Disabled Supporters Association.

The expansion of the Etihad Stadium offered the opportunity to consult with supporters on provisions for disabled fans in an expanded stadium, and from the 2015-16 season the Etihad Stadium will exceed the levels of facilities proposed by Level Playing Field, a disabled supporters' advisory group.

Working with the Manchester Deaf Centre, the Club piloted a number of stadium tours with a British Sign Language interpreter during 2013-14.

STADIUM FUTURE

Manchester City continued its commitment to gauging the views of the local community on proposed infrastructure projects, and in July 2013 commenced an eight-month consultation with supporters, residents and a range of other stakeholders on the potential expansion of the Etihad Stadium.

More than 12,000 people, including 4,500 local residents, took part in the consultation, with the proposed expansion receiving formal approval in February 2014.

The expansion of the Etihad Stadium is designed to allow more people to watch Manchester City home games and responds to supporter research indicating demand for more General Admission tickets and greater variety in hospitality options.

In March 2014, work commenced on the first phase of the expansion, including the addition of approximately 6,000 seats to the South Stand.

Three months later, in June 2014, Manchester City confirmed its intention to proceed with the second phase of the expansion, which will add a further three rows of pitchside seats.

Together, these first two phases of the expansion project will take the capacity of the Etihad Stadium to more than 55,000 in advance of the 2015-16 season.

Manchester City has estimated that approximately 160 people will be employed by the construction project, and up to 110 matchday jobs will be generated by the first two phases, with targets for local recruitment and the procuring of materials and services set at 70% and 80% respectively.

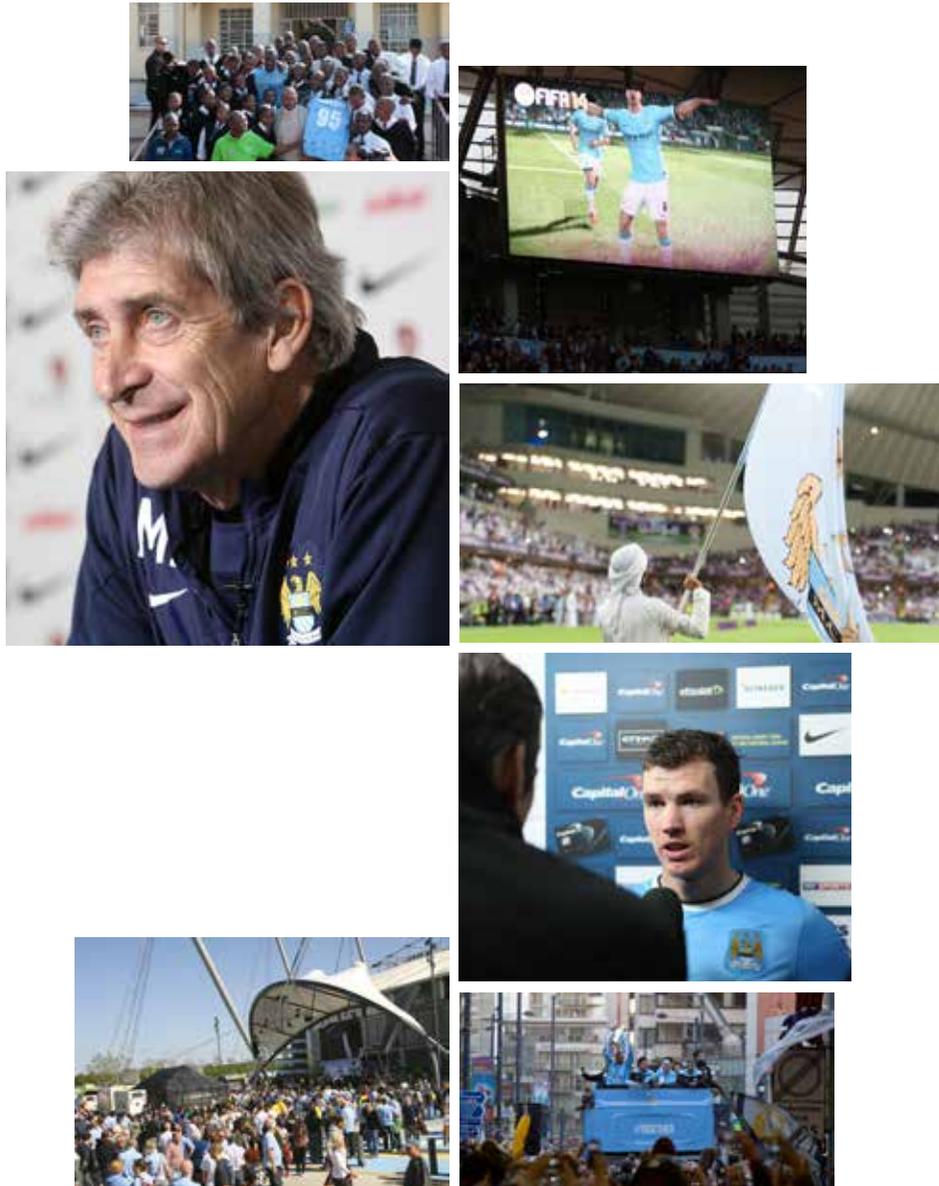
The Club has also received planning permission for a potential third phase of the expansion that would increase the capacity of the Etihad Stadium to approximately 61,000, giving Manchester City the second largest home ground capacity in the Barclays Premier League.





CHAPTER THREE: DRIVING CONTINUAL IMPROVEMENT

OVERVIEW



Manchester City aspires to the highest of professional standards in every aspect of its operations. The Club is committed to bringing unforgettable experiences to its supporters through the provision of world-leading facilities, high-quality customer service, original live entertainment and innovative digital content.

The Club has reached a new level of financial sustainability in 2013-14, generating revenues of more than £345 million, substantially up year-on-year, and reducing losses for the third consecutive year. With commercial partnerships revenue up by 16%, broadcast revenue up by 51%, and matchday revenue up by 20%, the Club is experiencing significant commercial growth across the organisation, mirroring – and building on – its success on the pitch.

Global expansion has continued through tours to key markets, new regional partnerships and the innovative use of technology to connect with supporters around the world. Dedicated websites in ten new languages were launched and fans from more than 180 countries accessed the Club's live streaming services during 2013-14.

The Club has also continued to provide supporters with access to high-quality video content including new regular online programmes such as CityToday and existing series such as Tunnel Cam. In addition, new apps such as CityHome, CityStories and the improved CityApp have expanded the ways in which fans can interact with and access information from the Club.

Manchester City continues to break ground in live entertainment. New initiatives such as the CityLive season launch and the blue carpet arrival event on match days have supplemented the pre-match programme in BT City Square to give supporters even more ways to enjoy the City experience this year. The introduction of free WiFi at the Etihad Stadium, the improvement of food, beverage and hospitality facilities, and the arrival of new catering partner, Fabulous Fan Fayre, have further enhanced the quality of service on match days.

The City organisation has continued to grow during the year. More than 100 employees received induction training at Manchester City during 2013-14, while the Club has begun exploring ways to encourage more female candidates to seek a career in football in the future. The Club has also introduced new measures to encourage creativity, innovation and collaboration between different parts of the organisation and been recognised for its inclusive employment practices during the year.

COMMERCIAL GROWTH

Manchester City halved its losses for the third consecutive year in 2013-14, to £23 million – a figure which includes the accounting of £16 million as a result of UEFA sanctions following disputed breaches of its Financial Fair Play regulations. The £16 million represents the full financial penalty levied under the compromise agreement with UEFA, assuming all future conditions are met by MCFC.

Significantly, the Club generated £346.5 million in revenue during 2013-14, breaking the £300 million threshold for the first time in its history.

The Club experienced revenue growth across the board, due to a number of factors, including higher returns from the new Barclays Premier League television deal, extended campaigns in the UEFA Champions League and Capital One Cup, the retention and recruitment of a variety of regional and global commercial partners and the hosting of additional events at the Etihad Stadium.

Overall, commercial partnerships revenues increased by 16% to £165.8 million, broadcast revenues increased by 51% to £133.2 million and matchday revenue increased by 20% to £47.5 million.

At the same time as driving revenue growth, wage costs have been stabilised and the wage-turnover ratio now stands at a healthy 59%. As a result, Manchester City recorded an operating profit before player trading for the second consecutive year in 2013-14.



GLOBAL OUTREACH

Manchester City accelerated its outreach to key markets around the world through pre- and post-season tours, digital innovation and the establishment of regional partnerships.

The Club conducted tours to New York, South Africa and Hong Kong during 2013-14, and also played games in St Louis, Helsinki and Munich. It concluded the season with a visit to Abu Dhabi in May 2014, accompanied by the Barclays Premier League trophy that the team had just won. This visit included a friendly match in the city of Al Ain.

Overseas visitors accounted for almost half of all visits to the main mfc.co.uk website. The US was the biggest source of overseas visitors, with more than 2 million visits, followed by Australia, with over 750,000 visits.

In July 2013, the Club launched versions of its website in ten new languages – taking the total to 13 – enabling more than 60% of the world's connected population to consume Manchester City content in their native language.

Demand for multilingual content grew, with the Club's non-English websites already generating more than 16% of Manchester City's website traffic. The Club's official Facebook page is now available in 12 languages, enhancing its ability to localise content for regional audiences.

City's Arabic social media services generated increased interest during 2013-14. More than 500,000 people followed @CityArabia on Twitter, more than 200,000 people followed the Club's Arabic Google+ page, while Manchester City's Arabic Instagram account had more than 11,000 followers.

In Asia, Manchester City's Japanese Twitter account had more than 28,000 followers by July 2014, making it the second most followed of all Premier League sides. The Club maintains a further ten international Twitter accounts.

Manchester City also expanded its presence on key social media sites in China during 2013-14, attracting 8 million followers on Sina Weibo and 1.2 million on Tencent Weibo.





INNOVATIVE CONTENT AND DISTRIBUTION

Manchester City continued to produce and deliver innovative digital content to its growing community of supporters in 2013-14, as well as building on its TV exposure.

Manchester City became the first Premier League club to feature in an episode of US network NBC's 36 series, which took viewers behind-the-scenes for the build-up to a City home game. The episode was also screened in the UK on free-to-air channel ITV4.

The Club saw further considerable growth in key social media platforms. Its Facebook page attracted 13 million "likes" by May 2014, more than 7.5 million of which were generated over the course of the season. Twitter followers grew to 1.7 million, 820,000 of which were new in the season, making this an increasingly important platform for the Club to interact with fans: supporters were able to vote for the Man of the Match via Twitter for the first time in 2013-14 and it was also an integral part of the Club's #Together campaign in the latter stages of the season.

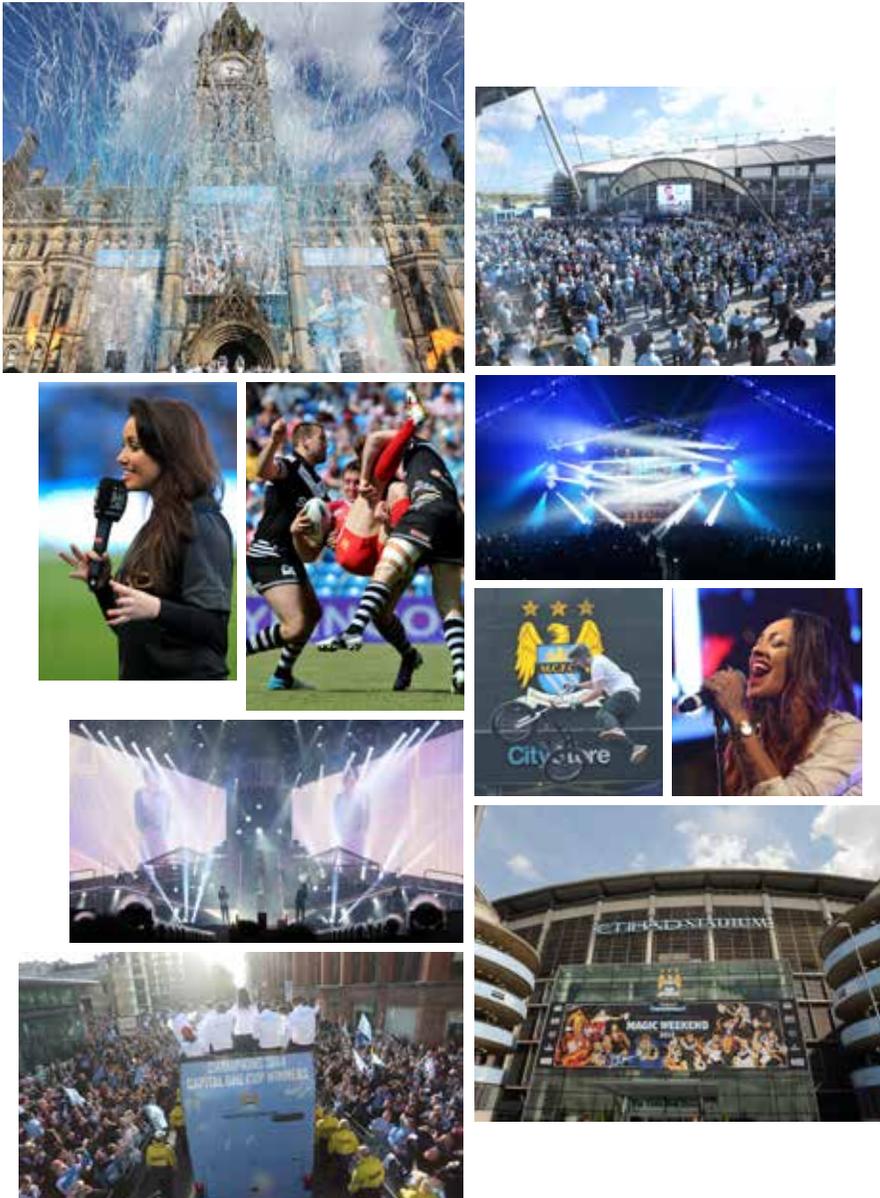
Manchester City also experienced year-on-year growth in the number of visits to the mfc.co.uk website (up 3%) and in page views across all MCFC sites (up 10%) during 2013-14.

New content on internal platforms was created with the launch of a daily video news programme on the mfc.co.uk website called CityToday, which attracts up to 50,000 daily views on Manchester City's website and YouTube channel. Meanwhile, expanded syndication of CityTV content in Premier League TV programmes saw its potential audience grow to more than 120 million households worldwide.

Furthermore, Manchester City has expanded its use of live online video streaming in 2013-14 to enable supporters around the world to experience rare events such as the Champions Parade in Manchester, player appearances and the team's post-season friendly in Abu Dhabi. People from 180 countries accessed the Club's digital channels during the year.

March 2014 saw the Club launch a new version of its popular CityApp for iPad, iPhone and Android devices, featuring access to CityTV, an optimised matchday centre and live social media content. The CityStories app launch followed in the same month, enabling fans to document their own memories of significant moments in the history of the Club.

The Club also unveiled a dedicated app for away supporters, known as CityHome, for its UEFA Champions League match against Barcelona FC at the Etihad Stadium in February 2014. Available in multiple languages, CityHome provides information for visitors to Manchester, pre-match statistics and a range of tools for visiting supporters. It is now also being used for Barclays Premier League matches.



UNFORGETTABLE EXPERIENCES

A commitment to providing the best possible matchday experience to all groups visiting the Etihad Stadium has been a priority for the Club over the past six years. That commitment remained a central objective for the 2013-14 season.

In the annual Premier League match attender survey, Manchester City was ranked in the top three for 11 of the 17 statements relating to the live matchday experience, and was the highest-ranking Premier League club for seven statements, including the overall matchday experience and how welcome fans are made to feel when they arrive at the ground.

In the same survey, 91% of female fans agreed that City provided a safe and welcoming match day environment for female spectators – the highest rating of all Premier League clubs.

The Club's investment in its innovative City Square fan zone remained popular with increased programming, musical and performing acts and special guests, ensuring that regular visitors spent an average of 24 minutes in the area before entering the stadium on match days in 2013-14.

The Club hosted a historic double trophy parade following its victory in the Barclays Premier League in May 2014. More than 100,000 supporters lined the streets of Manchester to join the celebrations, while fans in Albert Square were treated to music, entertainment and interviews with the squad prior to the bus parade through the City Centre.

In August 2013, Manchester City hosted the inaugural CityLive event to launch the 2013-14 season. A revamped approach to the traditional end-of-season awards, CityLive provided a unique mix of football, music and comedy, and introduced supporters to the Club's new signings whilst at the same time recognising the contributions of its former players.

The Club introduced a new "blue carpet" arrival event for the team on match days at the Etihad Stadium in 2013-14. The 20-minute experience includes VIP guests, a DJ and other live entertainment outside the players' entry to the Colin Bell Stand, giving supporters an opportunity to see the squad and manager as they arrive for the game.

In June 2014, the Manchester City Stadium and Club Tour was awarded a Five Star Certificate Of Excellence by TripAdvisor, signifying that it has consistently earned outstanding feedback from TripAdvisor travellers over the previous year.

The Etihad Stadium further reinforced its reputation as a world-class venue for concerts and sporting events during 2013-14. One Direction performed three sell-out concerts at the venue while the Rugby League Magic Weekend attracted a record crowd of 64,552 in May 2014.



FACILITIES AND SERVICES

In July 2013, Manchester City launched a new catering partnership with Fabulous Fan Fayre to transform the food and beverage experience at the Etihad Stadium. Among other improved offerings, the partnership delivered seven new gourmet pies, which have since been awarded Silver at the British Pie Awards, all made from locally sourced ingredients.

This was accompanied by improved catering facilities, with the introduction of 420 Electronic Point Of Sale (EPOS) terminals and the installation of digital menu boards throughout the Etihad Stadium.

The Club is also committed to achieving high standards at its off-site facilities. A Premier League Academy Health & Safety Audit Review and Assessment gave Manchester City a score of 98.5%, up from 97% the previous two years. Meanwhile, in the most recent Food Hygiene audit conducted in 2013-14, Manchester City achieved scores of 95% for Platt Lane and 93% for Carrington.

The introduction of free, high-density WiFi to the Etihad Stadium was rolled out in 2013-14, with more than 12,000 people accessing the service at peak times during the year. In addition to already supporting the Club's new EPOS system, the Cisco Connected Stadium infrastructure will enable Manchester City to deliver innovative digital services to visitors to the Etihad Stadium in the future.

In August 2013, the Club unveiled an improved and refurbished Chairman's Club, while new initiatives such as the "Back Four" bunker boxes in the East Stand have enabled fans to combine social dining with a private box experience.

In November 2013, Manchester City was awarded "Best Football Club Hospitality" at the Football Business Awards. In 2014, it received the VisitFootball Club of the Year and Warmest Welcome awards for the quality of its customer care for Premier League fans in the 2013-14 season, becoming the first club to win both awards in a season.

As part of the Club's commitment to innovate and improve customer service, Manchester City launched a dedicated @MFCHELP Twitter account in December 2013 to receive and send customer service alerts to supporters at, or on their way to, the Etihad Stadium on match days and communicate key supporter information throughout the year.



A WINNING TEAM

Manchester City delivered induction training to more than 100 new employees in 2013-14, and expanded consultation with its employees during the year through more frequent staff and management meetings.

In April 2014, a new initiative known as the City Innovation Network was established that assembles representatives of every department to encourage creative thinking, boost collaboration and identify new ways of improving the Club's performance.

Consistent with its commitment to diversity, Manchester City is exploring new approaches to recruitment in order to attract more female candidates – who are significantly underrepresented in this sector – to the Club and the sports industry. As part of this drive, the Club hosted the “Kick It Out: Raise Your Game” event at the Etihad Stadium in November 2013, an event designed specifically for women pursuing careers in the football industry.

Manchester City had its TwoTicks disability accreditation renewed in October 2013, and received Kick It Out's Intermediate Equality Standard Award in February 2014.



CHAPTER FOUR: FINANCIAL REPORT



Directors and Advisors

DIRECTORS

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

COMPANY SECRETARY

S Cliff

REGISTERED OFFICE

Etihad Stadium, Manchester M11 3FF

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

The Board of Directors comprises:

KHALDOON AL MUBARAK (CHAIRMAN)

Khaldoon Al Mubarak was appointed to the Board on 23 September 2008. He is Chairman of the Abu Dhabi Executive Affairs Authority, which provides strategic policy advice to the Chairman of the Abu Dhabi Executive Council, of which he is also a member. He is Chairman of the Emirates Nuclear Energy Corporation, the Abu Dhabi Media Zone Authority and Emirates Global Aluminium (EGA). He is also Deputy Chairman of the Urban Planning Council and a board member of First Gulf Bank.

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 September 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. He is also a Director of Aldar Properties, Ashford Hospitality Trust and Capital Trust.

SIMON PEARCE (NON-EXECUTIVE DIRECTOR)

Simon Pearce was appointed to the Board on 23 September 2008. He is a Special Advisor to the Chairman of the Executive Affairs Authority of Abu Dhabi. He is also a Director of twofour 54, an initiative to accelerate the development of the media sector in the UAE and MENA region, and ADMM, the owners and operators of Yas Marina Circuit and promoters of the F1 Etihad Airways Abu Dhabi Grand Prix.

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 non-Executive Director for Etihad Airways.

JOHN MACBEATH (NON-EXECUTIVE DIRECTOR)

John MacBeath is a Chartered Accountant with extensive international business experience in the oil & gas and aerospace industrial sectors. He joined the Board in January 2010 and was appointed Interim Chief Executive Officer between September 2011 and September 2012.

ALBERTO GALASSI (NON-EXECUTIVE DIRECTOR)

Alberto Galassi was appointed to the Board on 24 June 2012. He is currently CEO of Piaggio Aero Industries and previously served on the Executive Committee of Piaggio Aero as Board Member responsible for Marketing and Sales. He is attorney at law specialising in International commerce and arbitration and has been a member of the Bar since 1996.

Strategic Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 May 2014.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

Manchester City maintained its positive trajectory in 2013-14 by reducing losses and increasing revenues for the third consecutive year.

A bottom line loss of £23m has been reported for 2013-14 in addition to an operating profit before player trading for the second year running. The bottom line figure includes the accounting of £16m as a result of UEFA sanctions imposed in May 2014 following disputed breaches of its Financial Fair Play regulations.

Manchester City generated £347m in revenue in 2013-14 breaking the £300m threshold for the first time in its history. The Club has experienced revenue growth across the board with commercial partnerships revenue up by 16% to £165.8m, broadcast revenue up by 51% to £133.2m, and matchday revenue up by 20% to £47.5m.

Key drivers of increased revenue in 2013-14 included the new Barclays Premier League television deal, extended campaigns in the UEFA Champions League and Capital One Cup, the retention and recruitment of a variety of regional and global commercial partners and the hosting of additional events at the Etihad Stadium.

Significantly, wage costs have been stabilised and the wage-turnover ratio now stands at a healthy 59% (2013:86%).

Consistent with the commitment made in 2009-10 that transfers of the scale seen in previous years would be unlikely to be repeated, significant benefit has been gained from greater stability in the first team squad resulting in reduced amortisation costs.

Important progress has been made on two key infrastructure projects during 2013-14. The opening of the City Football Academy in late 2014 will further transform recruitment, training and development capabilities while the expansion of the Etihad Stadium to a capacity of 55,000 will enable more fans to attend Manchester City home games from the 2015-16 season onwards.

Importantly, Manchester City's financial position remains strong. Net assets are valued at more than £572m and the Club continues to operate with zero financial debt.

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 Group 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 Group monitors its compliance with all applicable rules and regulations on a continuous basis and considers the impact of any potential changes.

STRATEGIC REVIEW

We have budgeted for a profit in 2014-15 and now expect to be entering the 2015-16 season as a profitable business with no outstanding sanctions or restrictions.

The establishment of the City Football Group, now with professional clubs in the UK, US, Australia and Japan, has created commercial opportunities for Manchester City Limited on an entirely different scale. Today, the City Football Group is attracting global sponsors such as Nissan, Etihad and Hays, and creating what we believe is a genuinely new model for a successful sports and commercial enterprise.

When the City Football Academy (CFA) opens in the heart of East Manchester in late-2014 it will significantly expand the Club's ability to attract, recruit and develop the most promising young footballers in the world. By providing access to world-class facilities, coaching and education, the CFA will ensure that talented young players are given the best possible chance of succeeding in the competitive world of professional football.

By order of the Board

J MacBeath
Director
9 October 2014

Directors' Report

DIRECTORS

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

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

RESULT FOR THE YEAR

The loss for the financial year was £22,929,000 (2013: £51,621,000).
The Directors do not propose a dividend (2013: £nil).

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions. Donations to UK charities amounted to £2,228,313 (2013: £241,361). This amount includes £1.9m supporting Premier League youth and community development expenditure.

EMPLOYEE INVOLVEMENT

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

DISABLED EMPLOYEES

Disabled employees are given full and fair consideration for all types of vacancy. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain him/her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

Statement of Directors' Responsibilities

DIRECTORS' RESPONSIBILITIES

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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.

WEBSITE PUBLICATION

Financial statements are published on the Group'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 Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

AUDITORS

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

By order of the Board

J MacBeath
Director
9 October 2014

Independent Auditors' Report to the members of Manchester City Limited

We have audited the financial statements of Manchester City Limited for the year ended 31 May 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 May 2014 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.

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*

10 October 2014

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

Consolidated Profit and Loss Account

For the year ended 31 May 2014

	Note	Operations excluding player trading Year ended 31 May 2014 £000	Player trading Year ended 31 May 2014 £000	Total Year ended 31 May 2014 £000	Total Year ended 31 May 2013 £000
Turnover	2	346,512	-	346,512	271,000
Other operating income	3	1,775	-	1,775	47,728
Operating Expenses	3	(289,676)	(76,484)	(366,160)	(369,353)
Operating profit/(loss)		58,611	(76,484)	(17,873)	(50,625)
Profit on disposal of players		-	197	197	5,872
Profit/(loss) before interest and taxation		58,611	(76,287)	(17,676)	(44,753)
Interest receivable and similar income	6	52	-	52	233
Interest payable and similar charges	7	(960)	-	(960)	(3,737)
Stadium finance lease charges		(4,345)	-	(4,345)	(3,364)
Profit/(loss) on ordinary activities before taxation		53,358	(76,287)	(22,929)	(51,621)
Taxation	8	-	-	-	-
Profit/(loss) on ordinary activities after taxation	19	53,358	(76,287)	(22,929)	(51,621)

The results for both periods are from continuing operations.
The notes on pages 42 to 64 form part of these financial statements.

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 May 2014

	Note	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Loss for the financial year		(22,929)	(51,621)
Unrealised deficit on revaluation of properties	19	-	(29,257)
Total recognised losses for the year		(22,929)	(80,878)

Consolidated Note of Historical Cost Profits and Losses

For the year ended 31 May 2014

	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Loss on ordinary activities before and after taxation	(22,929)	(51,621)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1,120	1,120
Historical cost loss on ordinary activities before and after taxation	(21,809)	(50,501)

The notes on pages 42 to 64 form part of these financial statements.

Balance Sheets

As at 31 May 2014 Registered number: 2989498

	Note	Group		Company	
		2014 £000	2013 £000	2014 £000	2013 £000
Fixed assets					
Intangible assets	10	207,264	186,215	-	-
Tangible assets	11	346,310	260,006	-	-
Investments	12	-	-	572,333	435,262
		553,574	446,221	572,333	435,262
Current assets					
Debtors - amounts falling due within one year	13	176,956	156,307	-	-
Debtors - amounts falling due after more than one year	13	22,873	32,367	-	-
Cash at bank and in hand		21,401	14,045	-	-
		221,230	202,719	-	-
Creditors - amounts falling due within one year	14	(116,984)	(106,860)	-	-
Net current assets		104,246	95,859	-	-
Total assets less current liabilities		657,820	542,080	572,333	435,262
Creditors - amounts falling due after more than one year	15	(69,910)	(67,336)	-	-
Deferred income	17	(15,577)	(39,482)	-	-
Net assets		572,333	435,262	572,333	435,262
Capital and reserves					
Called up share capital	18	61,139	53,592	61,139	53,592
Share premium account	19	1,152,069	999,616	1,152,069	999,616
Revaluation reserve	19	44,686	44,686	-	-
Profit and loss account	19	(685,561)	(662,632)	(640,875)	(617,946)
Shareholders' funds	21	572,333	435,262	572,333	435,262

The notes on pages 42 to 64 form part of these financial statements.

These financial statements were approved by the Board of Directors on 9th October 2014 and were signed on its behalf by: J MacBeath *Director*

Group Cash Flow Statement

For the year ended 31 May 2014

	Note	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Net cash inflow/(outflow) from operating activities	24	27,427	(26,825)
Return on investments and servicing of finance			
Interest paid		(162)	(5,369)
Interest element of finance lease payments		(4,554)	(4,120)
Interest received		52	58
Net cash outflow from return on investments and servicing of finance		(4,664)	(9,431)
Capital expenditure			
Purchase of intangible fixed assets		(116,105)	(101,099)
Sale of intangible fixed assets		34,584	22,145
Purchase of tangible fixed assets		(93,587)	(40,422)
Net cash outflow from capital expenditure		(175,108)	(119,376)
Net cash outflow before financing		(152,345)	(155,632)
Financing			
Issue of shares		160,000	189,782
Loan capital repaid		-	(32,428)
Capital element of finance lease rental payments		(299)	(277)
Net cash inflow from financing		159,701	157,077
Movement in cash in the year	26	7,356	1,445

The notes on pages 42 to 64 form part of these financial.

Notes to the Consolidated Financial Statements

I – Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the 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 and are in accordance with applicable accounting standards.

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 ultimate 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 Manchester City Limited ('the Company') and its subsidiary undertakings up to 31 May 2014. The acquisition method of accounting has been adopted

TURNOVER

Turnover represents amounts receivable by the Company, 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.

Advanced match revenue is included within deferred income and is recognised over the period of the football season as games are played. Commercial and other partnership revenues are included within deferred income and are recognised over the life of the relevant contracts.

FIXED ASSETS AND DEPRECIATION

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives 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 Company's websites are expected to generate future revenues in excess of costs of development then these costs are capitalised.

I – Accounting policies continued

INVESTMENTS

Investments held as fixed assets are stated at cost less any provision for impairment.

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 2014 as in the Group'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 Company 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 in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

PENSIONS

The Company 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.

2 – Turnover

	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Matchday	47,457	39,615
Broadcasting – UEFA	31,329	24,144
Broadcasting – All Other	101,910	64,250
Other commercial activities	165,816	142,991
	346,512	271,000

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

3 – Operating loss

	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Other operating income		
Sale of intellectual property to related parties (Note 28)	-	22,453
Sale of intellectual property to third parties	-	24,500
Other operating income	1,775	775
	1,775	47,728
Operating expenses		
Direct cost of sales and consumables	8,988	6,832
Remuneration of auditors and its associates:		
– Audit fees	44	43
– Tax Services	38	35
– Other services	7	4
Hire of other assets – operating leases	168	457
Capital grants released and amortised	(116)	(57)
Other external charges	58,630	42,280
UEFA settlement	16,260	-
Insurance proceeds	(6,670)	-
Staff costs (Note 5)	205,044	233,106
Amortisation of player registrations	76,484	80,869
Depreciation of tangible fixed assets:		
Owned	5,277	3,922
Leased	2,006	1,862
	366,160	369,353
Operating loss		
Operating profit before player trading	58,611	30,244
Amortisation of player registrations	(76,484)	(80,869)
	(17,873)	(50,625)

4 – Directors' remuneration

	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Directors' emoluments	-	426
Company contributions to money purchase pension schemes	-	-
Amounts paid to third parties in respect of Directors' services	5	362

No directors were paid by the Company in the year (2013: £426,000) and no Company pension contributions were made (2013: £nil).

5 – 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:

Number of employees	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Football staff – including players	112	222
Commercial/administration staff	202	227
	314	449

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	179,021	204,701
Social security costs	25,288	28,031
Other pension costs	735	374
	205,044	233,106

6 – Interest receivable and similar income

	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Bank interest	51	58
Other	1	175
	52	233

7 – Interest payable and similar charges

	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Foreign exchange losses	798	-
Other loans	-	3,685
Finance lease interest	162	52
	960	3,737

Included within other loans is a charge of £nil (2013: £1,849,000) which relates to the repayment of the outstanding loan notes in full.

8 – Taxation

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

	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Current tax		
UK corporation tax at 23% (2013: 24%) on profits for the year		
Adjustments in respect of prior years	-	-
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 23% (2013: 24%).

The differences are explained below:

	Year ended 31 May 2014 £000	Year ended 31 May 2013 £000
Loss on ordinary activities before taxation	(22,929)	(51,621)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	(5,197)	(12,389)
Effects of:		
Expenses not deductible for tax purposes	3,762	1,415
Fixed asset timing differences	1,501	1,053
Other timing differences	(389)	-
Tax losses incurred in the year	323	12,027
Current tax credit for the year	-	-

The Group has corporation tax losses available for carry forward of approximately £614 million (2013: £612 million).

c) Factors that may affect future tax charges:

The Group expects its effective tax rate in future years to be less than the standard rate of corporation tax in the UK due principally to the amount of tax losses available to be set off against future taxable profits.

9 – Company results

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The Company incurred a loss after tax of £nil (2013: £80,878,000) which is dealt with in the financial statements of the parent company and eliminates on consolidation.

10 – Intangible fixed assets

Group	
Amounts paid for players' registrations:	£000
Cost	
As at 1 June 2013	428,618
Additions	109,519
Disposals	(97,693)
As at 31 May 2014	440,444
Amortisation	
As at 1 June 2013	242,403
Amortisation of player registrations	76,484
Disposals	(85,707)
As at 31 May 2014	233,180
Net book value	
As at 31 May 2014	207,264
As at 1 June 2013	186,215

II – Tangible fixed assets

Group	Land and Buildings (Freehold)	Land and Buildings (Short Leasehold)	Land and Buildings (Long Leasehold)	Assets under course of construction	Fixtures, Fittings & Equipment	Total
	£000	£000	£000	£000	£000	£000
Cost/valuation						
As at 1 June 2013	59,816	2,288	140,496	43,742	31,416	277,758
Additions	17	-	799	82,750	10,021	93,587
Disposals	-	-	(62)	(2)	(3,122)	(3,186)
As at 31 May 2014	59,833	2,288	141,233	126,490	38,315	368,159
Depreciation						
As at 1 June 2013	1,671	563	1,667	-	13,851	17,752
Charge for the year	104	74	1,932	2	5,171	7,283
Disposals	-	-	(62)	(2)	(3,122)	(3,186)
As at 31 May 2014	1,775	637	3,537	-	15,900	21,849
Net book value						
As at 31 May 2014	58,058	1,651	137,696	126,490	22,415	346,310
As at 1 June 2013	58,145	1,725	138,829	43,742	17,565	260,006

II – Tangible fixed assets continued

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

	2014 £000
At depreciated replacement cost	139,190
Aggregate depreciation thereon	(3,390)
Net book value	135,800
Historical cost of revalued assets	80,832
Aggregate depreciation thereon	(11,339)
Historical cost net book value	69,493

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 2012 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 2014 includes £135,800,000 (2013: £137,665,000) in respect of assets on finance lease or hire purchase. Depreciation for the year on these assets was £1,865,000 (2013: £1,525,000).

The cumulative amount of interest capitalised in the total cost of tangible fixed assets amounts to £283,000 (2013: £283,000).

FINANCE LEASE ON ETIHAD STADIUM

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

A finance lease creditor equal to the future obligations under the lease has been established. In calculating the future obligations an interest rate of 7.57% and an estimated long term inflation rate of 2.5% have been applied. This reflects the discount rate previously applied to the finance lease before the amendment as the directors consider this reflects the rate at which they could borrow from a third party.

The finance lease liability was initially established at £34,903,000. In the year ended 31 May 2013 the lease was renegotiated with Manchester City Council and certain terms were amended. As a result fixed asset additions of £29,257,000 were recognised to reflect the capital enhancement of the stadium asset, the revaluation reserve was reduced by £29,257,000 to ensure the total value of the stadium asset following the additions did not exceed the 2013 GVA Grimley valuation. This resulted in an amended initial finance lease liability of £67,614,000.

12 – Fixed asset investments

	Shares in Subsidiary Undertakings £000
Cost	
As at 1 June 2013	1,059,190
Additions	160,000
As at 31 May 2014	1,219,190
Provision	
As at 1 June 2013	623,928
Additions	22,929
As at 31 May 2014	646,857
Net book value	
As at 31 May 2014	572,333
As at 1 June 2013	435,262

Subsidiary undertakings	Principle activities	Proportion of voting rights and share capital held
Manchester City Football Club Limited	Professional Football Club	100%
Manchester City Investments Limited *	Issuer of Loan Notes	100%
Manchester City Property Limited *	Letting of Own Property	100%
Manchester City Developments Limited *	Property Investment	100%

All companies are incorporated in England and Wales.

* denotes indirect investments.

13 – Debtors

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Amounts falling due within one year				
Trade debtors	82,615	35,533	-	-
Debtors arising from player transfers	11,248	20,296	-	-
Amounts owed by group undertakings (Note 28)	34,930	28,311	-	-
Amounts owed by related party undertakings (Note 28)	623	200	-	-
Other debtors	78	2,347	-	-
Prepayments and accrued income	47,462	69,620	-	-
	176,956	156,307	-	-
Amounts falling due after more than one year				
Trade debtors	11,250	16,875	-	-
Debtors arising from player transfers	10,309	14,415	-	-
Other debtors	1,314	1,077	-	-
	22,873	32,367	-	-
Total debtors	199,829	188,674	-	-

14 – Creditors: amounts falling due within one year

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Obligations under finance leases (Note 16)	315	299	-	-
Trade creditors	4,040	6,354	-	-
Creditors arising from player transfers	9,484	19,933	-	-
Amounts owed to group undertakings	2,084	-	-	-
Amounts owed to related party undertakings	4,937	10,613	-	-
Other creditors including tax and social security	14,906	11,320	-	-
Accruals	81,218	58,341	-	-
	116,984	106,860	-	-

15 – Creditors: amounts falling due after more than one year

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Obligations under finance leases (Note 16)	67,000	67,315	-	-
Creditors arising from player transfers	2,910	21	-	-
	69,910	67,336	-	-

16 – Borrowings

Group	Finance Leases £000	2014 Total £000	2013 Total £000
Maturity of debt:			
Within one year	315	315	299
Between one and two years	331	331	315
Between two and five years	1,096	1,096	1,043
After more than five years	65,573	65,573	65,957
	67,315	67,315	67,614

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:

	2014 £000	2013 £000
Within one year	3,550	3,550
In the second to fifth year	14,200	14,200
Over five years	160,925	164,475
Less future finance charges	(111,360)	(114,611)
	67,315	67,614

17 – Deferred income

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Within one year:				
Deferred income	14,459	38,311	-	-
Deferred credit for capital grants	45	57	-	-
	14,504	38,368	-	-
More than one year:				
Deferred income	-	-	-	-
Deferred credit for capital grants	1,073	1,114	-	-
	1,073	1,114	-	-
Total deferred income	15,577	39,482	-	-

DEFERRED CREDIT FOR CAPITAL GRANTS

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

	£000
At 1 June 2013	1,171
Grants released in year	(53)
At 31 May 2014	1,118

18 – Called up share capital

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

	2014 £000	2013 £000
Issued and called up		
611,264,723 (2013: 535,793,025) Ordinary shares of 10p each – fully paid	61,127	53,580
20 (2013: 20) Ordinary shares of 10p each – 2.5p paid	-	-
49,998 (2013: 49,998) Redeemable deferred shares of £1 each – 25p paid	12	12
	61,139	53,592

During the year 75,471,698 ordinary shares of 10p each were issued for a consideration of £2.12 per share. The total consideration was £160m and the premium of £152.5m has been included in the share premium account (see note 19).

19 – Reserves

	Share Premium Group and Company £000	Revaluation Reserve Group £000	Profit & Loss Account Group £000	Profit & Loss Account Company £000
At 1 June 2013	999,616	44,686	(662,632)	(617,946)
Retained loss for the year	-	-	(22,929)	(22,929)
Issue of shares	152,453	-	-	-
At 31 May 2014	1,152,069	44,686	(685,561)	(640,875)

20 – Contingent liabilities

Additional transfer fees, signing on fees and loyalty bonuses of £100,563,000 (2013: £53,857,000) that will become payable upon the achievement of certain conditions contained within player and transfer contracts if they are still in the service of the Club on specific future dates are accounted for in the year in which they fall due for payment.

21 – Reconciliations of movement in shareholders' funds

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Loss for the financial year	(22,929)	(51,621)	(22,929)	(80,878)
Revaluation adjustment	-	(29,257)	-	-
Issue of shares	160,000	189,782	160,000	189,782
Net increase in shareholders' funds	137,071	108,904	137,071	108,904
Opening shareholders' funds	435,262	326,358	435,262	326,358
Total closing shareholders' funds	572,333	435,262	572,333	435,262

22 – Pensions

The Company is a member of The Football League Limited Pension and Life Assurance Scheme, a pension scheme providing benefits based on final pensionable pay. As the Company 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 2014 a Minimum Funding Requirement Deficit was identified in the scheme, of which £316,436 (2013: £353,303) was allocated to the Company.

The latest full actuarial valuation was carried out at 31 August 2011 and was updated for FRS 17 purposes by a qualified independent actuary. The contribution for the year was £63,857 (2013: £58,296).

23 – Commitments

The annual commitments under non-cancellable operating leases are set out below.

Expiring:	2014 £000	2013 £000
Within one year	67	153
Within two and five years	4	65
After five years	-	-
	71	218

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

	2014 £000	2013 £000
Contracted but not provided for	47,905	70,301

The capital commitments represent contracted amounts in relation to the construction of the City Football Academy and the expansion of the Etihad Stadium.

24 – Reconciliation of operating loss to net cash outflow from operating activities

	2014 £000	2013 £000
Operating loss	(17,873)	(50,625)
Amortisation and impairment of players' registrations	76,484	80,869
Depreciation	7,283	5,784
Increase in debtors	(29,985)	(73,509)
(Decrease)/increase in creditors	(8,429)	10,761
Release and amortisation of grants	(53)	(105)
Net cash inflow/(outflow) from operating activities	27,427	(26,825)

25 – Reconciliation of net cash flow to movement in net debt

	2014 £000	2013 £000
Increase in cash in the year	7,356	1,445
Movement in net cash position in the year	299	32,674
Movement in net debt resulting from cash flows	7,655	34,119
Other non-cash changes	-	(29,225)
Opening net debt position	(53,569)	(58,463)
Closing net debt position	(45,914)	(53,569)

26 – Analysis of changes in net debt

	As at 1 June 2013 £000	Cash flow £000	Other non-cash changes £000	As at 31 May 2014 £000
Cash at bank and in hand	14,045	7,356	-	21,401
Movement in net cash position in the year	14,045	7,356	-	21,401
Debt due within one year	-	-	-	-
Debt due after one year	-	-	-	-
Net debt (excluding finance leases)	14,045	7,356	-	21,401
Finance leases	(67,614)	299	-	(67,315)
	(53,569)	7,655	-	45,914

27 – 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 Company'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 Company's financial liabilities as at 31 May 2014 was:

	Total £000	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non-Interest financial liabilities £000
As at 31 May 2014	67,315	-	67,315	-
As at 31 May 2013	67,614	-	67,614	-

The fixed rate liabilities comprise finance lease obligations of £67,315,000 as detailed in note 16.

The maturity profile of the Group's financial liabilities as at 31 May 2014 is shown in note 16.

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

28 – Related party transactions

TRANSACTIONS WITH PARENT UNDERTAKINGS

Transactions during the year ended 31 May 2014 with the parent undertaking, Abu Dhabi United Group Investment & Development Limited consisted of the subscription for additional shares in the Club outlined in note 18 and also during the year the Company sold hospitality boxes to Abu Dhabi United Group Investment & Development Limited for £206,000, a balance which is included in debtors due within one year of £623,000 (2013: £200,000).

The Company paid for services totalling £2,582,000 provided by its immediate parent company, City Football Group Limited, during the year and a balance of £1,828,000 (2013: £783,000 debtor) is included in creditors due within one year.

TRANSACTIONS WITH SUBSIDIARIES OF CITY FOOTBALL GROUP LIMITED

Transactions during the year ended 31 May 2014 with City Football Marketing Limited, a fellow subsidiary of City Football Group Limited, consisted of the sale of intangible assets of £nil (2013: £11,566,000), provision of other services of £723,000 (2013: £nil) and recharges for costs incurred providing services for the benefit of the Company totalling £6,025,000 (2013: £750,000). A balance of £17,409,000 is included in debtors due within one year (2013: £14,428,000).

Transactions during the year ended 31 May 2014 with City Football Services Limited, a fellow subsidiary of City Football Group Limited, consisted of the sale of intangible assets of £nil (2013: £10,887,000), provision of other services of £34,000 (2013: £nil) and recharges for costs incurred providing services for the benefit of the Company totalling £4,106,000 (2013: £1,118,000). A balance of £17,213,000 is included in debtors due within one year (2013: £13,100,000).

Transactions during the year ended 31 May 2014 with Manchester City Women's Football Club Limited, a fellow subsidiary of City Football Group Limited, consisted of a donation of £256,000 (2013: £nil) which is included in creditors due within one year (2013: £nil).

Transactions during the year ended 31 May 2014 with New York City Football Club LLC, a fellow subsidiary of City Football Group Limited, consisted of loans totalling £308,000 (2013: £nil), which are included in debtors due within one year.

TRANSACTIONS WITH BROOKSHAW DEVELOPMENTS LIMITED

The Company received funding on behalf of Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment & Development Limited, during 2013 and a balance of £4,937,000 (2013: £10,613,000) is included in creditors due within one year.

29 – Post balance sheet events

Since the year-end the football registrations of Fernando (from FC Porto), Eliaquim Mangala (from FC Porto), Wilfredo Caballero (from Malaga), Bruno Zuculini (from Racing Club), Frank Lampard and Bacary Sagna have been acquired. The registrations of Javier Garcia (to Shakhtar Donetsk), Jack Rodwell (to Sunderland) and Emyr Huws (to Wigan Athletic) were sold. The net expenditure on these transactions was approximately £38.8m.

30 – Ultimate parent company

As at the 31 May 2014 the Group's parent undertaking was City Football Group Limited, a company incorporated in England and Wales. The Group's ultimate parent undertaking was Abu Dhabi United Group Investment & Development a company registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan.

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