



MANCHESTER CITY

OUR STORY

ANNUAL REPORT 2016-17

MANCHESTER CITY FOOTBALL CLUB



OUR CITY, OUR STORY, OUR YEAR IN REVIEW

Our story started over a century ago, with a deeply-rooted local club, its heart in the community.

What follows here is another chapter in our history, a record of our year, starring our teams, our fans, our partners and our people. The report documents our sporting successes and challenges, and the continued commercial sustainability that underpins our growth.

City in the Community turns 30, the women's team win a domestic treble and Pep Guardiola completes his first season as manager of the men's team. The story continues.

We hope you find it useful and enjoyable.

OUR YEAR IN REVIEW

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CHAIRMAN'S STATEMENT

The 2016-17 season – the first under new manager Pep Guardiola – was something of a contradiction. It was a season in which no silverware was won by our first team and in which we finished third in the Premier League, only securing our Champions League position relatively late. And yet, at the same time, this was also a season of promise and of some very real highlights which will live in the memory for years to come.

Whilst we achieved 12 more points in the League (78) than the previous season (66), silverware remains the most important on-field performance benchmark for His Highness Sheikh Mansour, myself and the Board, and in reality everyone involved with our Club. In the last seven seasons, we have won more trophies than any other team in the Premier League. In doing so, in the last five years we have scored more goals and have won more league games than any of our rivals. Having set such high standards for ourselves it is inevitable that finishing a campaign empty-handed brought with it a raw sense of disappointment.

To some extent that disappointment was offset by the quality of football that was played at times during the season. The targeted investment in the summer of 2016 in some talented young players, blended together with the existing capabilities in our squad, led to an impressive start to the season and some memorable performances, such as Monaco at home and Manchester United away,

to pick just two. These displays gave us a hint of the type of football – and results – that we want to consistently see in the seasons ahead.

For our women's team, success came in abundance in 2016-17, including winning the domestic treble and making the semi-final of the Champions League. This was an outstanding achievement and coach Nick Cushing and the entire team and support staff deserve much credit for their hard work, professionalism and the extraordinary team spirit they have created. They have succeeded in firmly establishing our women's team as a major force in the game.

The high standards to which our senior men's and women's teams are held applies across all age groups, not least the Elite Development Squad. Two members of that squad made their first team debuts last season and nine trophies were won by our academy teams throughout the year. The ongoing development of Phil Foden and Brahim Diaz in particular, continues to be encouraging and our commitment to nurture our own talent remains a central pillar for the Club's long-term sustainability.

This was also a season where we said goodbye to some highly-regarded representatives of the club. Willy Caballero, Jesus Navas, Bacary Sagna and Gael Clichy all left with our thanks and recognition for their very real contributions to our continuing story, as did Samir Nasri and Aleksandar Kolarov after six and seven years respectively of significant service to Manchester City. And of course, in what was one of the most emotional nights ever seen at the Etihad Stadium, Pablo Zabaleta bade farewell to all of us after nine years of unwavering commitment to the team, to the fans and to the history of this club. A character such as his, both on and off the pitch, is something of a rarity and he will always be part of the City family.

Away from the pitch, we have always been clear that on-field success and financial sustainability must exist hand-in-hand. For the third consecutive year, our business is profitable and revenues continue to grow to record levels for the ninth successive season, pushing beyond £400 million and towards the £500 million mark. We also continue to operate with zero financial debt.

Beyond Manchester, our global footprint continued to expand with our community engagement programmes reaching ever further afield, with expanded digital outreach and new global partnerships. From City Football Group's perspective, we welcomed our fifth club, CA Torque in Montevideo, Uruguay. This investment enables our organisation to build on existing connectivity in Uruguay and helps us to expand our options in identifying and developing local and South American talent. It also enables us to create an administrative hub for our pre-existing scouting operations in the region and provides us with our first permanent presence in South America. We are pleased to welcome the Club into the City Football family.

It is important to acknowledge that this was also a year in which we were saddened by tragic events in the City of Manchester. In May of this year, Manchester experienced one of the darkest days in its recent history when the Manchester Arena was attacked. I know that many of our staff and fans were impacted either directly or indirectly by the incident. The emergency services in the city, with which we work so closely throughout the year when running matches, events and general operations, showed incredible bravery and resilience through this most testing of times and we remain grateful for their courageous service. The stories of incredible generosity and personal sacrifice in the most difficult circumstances



showed the world the deep community spirit and strength of this special city that we are proud to be a part of.

The 2017-18 season will be the tenth under His Highness Sheikh Mansour's stewardship. In the context of more than 120 years of Club history, this is a relatively short period of time, but it has been one of significant growth, with much learned and much gained on a journey that still has a long way to go. We enter this season with a justifiable sense of ambition and expectation. A feeling shared by everyone who is passionate about Manchester City. For me that is the greatest indicator of the progress we have made since 2008.

Khaldoon Al Mubarak
Manchester City Football Club
Chairman

CEO'S MESSAGE

One year ago, on these pages, we talked about the opening of a new chapter for Manchester City.

A new manager had been presented to our fans at our first 'Cityzens Weekend', a new badge had been unveiled and a new website launched. 'It begins' was the theme, meaning we were taking a new step in our journey to become, and sustain ourselves as, one of the leading football clubs in the world.

We finished the first season of this chapter without any trophies and we will never be satisfied with that, but at the same time, it was a season of promise and progress. We scored more goals, created more chances, had the highest level of possession in the league and achieved 12 points more than the previous season. More importantly, several times during the season, our team showed exactly the type of quality football we want to be playing, with some very impressive displays. We are committed to playing beautiful football and to win. Both elements are compatible and the second is a consequence of the first. I am convinced we will see further progress and silverware in the seasons to come.

Over the last three seasons, we have tackled another important and strategic challenge: to refresh and rejuvenate the squad that were Champions in 2012 and 2014. We believe we have planned and executed well, signing young, talented players that can be the basis of our team for the years to come. Ederson, Stones, Mendy, Walker, Danilo, Gundogan, Bernardo Silva, De Bruyne, Sterling, Jesus and Sane have all joined the team while very much-loved

players including Zabaleta, Clichy, Sagna, Caballero, Navas, Kolarov and Nasri have left the Club. We will continue to strengthen the squad every year but we believe that we now have a group of players capable of playing the football we want and winning titles while doing so.

These investments are built upon a platform of sustained commercial and financial success. This year we achieved record revenues (£473.4 million) for the ninth consecutive year and entered our third consecutive year as a profit-making business. We continue to operate with zero financial debt, and our wage/revenue ratio sits at a healthy 56%.

It has been two years since we moved into the City Football Academy, built primarily as a youth development centre, as well as home for our senior teams. We are beginning to see the results of this investment with players like Phil Foden, Brahim Diaz and Tosin Adarabioyo making their first team debuts, whilst the Academy won nine trophies across all age groups. There is certainly much more to do to help our players bridge the gap between youth and senior football and we will continue to work hard in this area.

The performance of our women's team deserves special praise. The team won three domestic trophies and reached the semi-final of the Champions League, with a squad which boasts 14 internationals, including, for a period, Carli Lloyd, one of the world's best players. This team is increasingly recognised as a driving force in women's sport, something which we are equally proud of, as we break record league attendances, and introduce exciting digital innovations and a growing suite of commercial partners.

This year we announced a new member of our City Football Group family – FC Torque in Uruguay – a club that will help increase our presence and player development activities in South America. This growth comes as our earlier acquisitions reach a level of maturity which has seen them win men's and women's trophies (Melbourne), improve their final ranking by 13 places (New York) and make encouraging progress, particularly in reaching the semi-finals in both domestic cups (Yokohama f Marinos). We are now seeing how our growing network of clubs can translate both into commercial opportunities for the group and development opportunities for players. As an example, we saw young Australian Aaron Mooy, formerly a Melbourne City player, join Huddersfield Town for the Club's record transfer fee.

These global developments also benefit our international community programmes, building on our flourishing local ones. Last year, Cityzens Giving benefited projects in 12 cities around the world, including a new project in Beijing which was launched during the men's team tour in July 2016.

The 2016-17 season was another in which we welcomed new commercial partners and grew relationships with existing ones. Maybe the most significant moment was the signing of a new partnership with Nexen Tire, making Manchester City the first in the Premier League to announce a matchday Shirt Sleeve partner. Nexen has been a trusted partner for several years and it is testament to the strength and value of our relationship that they wanted to elevate the partnership in this way.



2017 was a challenging year for Manchester, following the tragic events at Manchester Arena that directly affected many families and so many people at home and around the world. Mancunians showed their unwavering strength and solidarity and Manchester City FC was humbled in standing alongside them in a community united at a time of such sorrow.

We now look to the 2017-18 season with ambition and optimism, with confidence in the manager and in the squad, following a period of strategic and targeted recruitment, and with the hope and belief that the team can repay the incredible loyalty and commitment of Manchester City fans from all over the world.

Ferran Soriano
Manchester City Football Club
Chief Executive



OUR
TEAMS

OVERVIEW

Manchester City's men's team ultimately failed to add a major piece of silverware to the Club's trophy cabinet – but the introduction of a new playing style and younger players means the foundations for long-term success have been laid, as borne out by performances in the latter part of the season.

City finished third in the Premier League, securing qualification for the Champions League for the seventh consecutive season, and reached the FA Cup semi-final, where they were unlucky to lose to Arsenal in extra time.

In the Champions League, wins over Barcelona and Monaco underlined the benefits of Pep Guardiola's attacking philosophy, with City producing two superb displays, including eight goals before succumbing to Monaco on away goals and exiting the competition at the last-16 phase.

The women's team enjoyed unprecedented success. They won their first league title in September and finished the campaign unbeaten. They then collected their second Continental Tyres Cup a week later, beating Birmingham 1-0 in the final, before completing a domestic treble by winning the Club's first ever Women's FA Cup with victory over Birmingham in the final at Wembley in front of 35,271 fans.

The foundations for long-term success have been laid



City and England captain Steph Houghton collected her MBE, awarded in the New Year's Honours list, further underlining the growing importance of the women's game in this country, and the team signed two-time World Player of the Year Carli Lloyd on a temporary deal. Lucy Bronze was also named PFA Player of the Year, and 11 players were selected to play at the 2017 European Championships.

The Elite Development Squad (EDS), made up primarily of scholars, finished second in the U23s Premier League 2 and were knocked out of the UEFA Youth League by eventual winners Salzburg in a playoff to reach the quarter-final stage.

The U18s went unbeaten for the first 25 games of the season, and won the North Division with 55 points from 22 games. For the third successive season they reached the FA Youth Cup final, where they were beaten by Chelsea.



28 PLAYERS

representing their country in U15-U18 age groups, including

18 ENGLAND PLAYERS



MEN

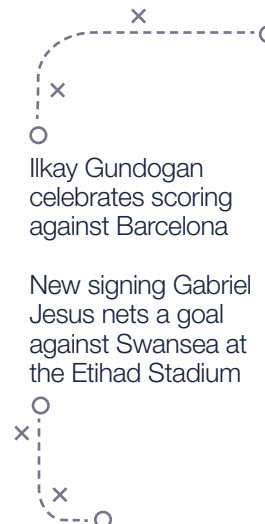
By Pep Guardiola's own admission, the 2016-17 season proved somewhat disappointing. City failed to land a major trophy and the team exited the Champions League at the last-16 stage.

However, there was clear progression in the quality of the team's football, with Guardiola introducing a new, more expansive style in line with the vision for the Club. Impressive wins in the Champions League against Barcelona (3-1) and Monaco (5-3) saw City produce arguably their best-ever football – a clear indication of the approach being developed under Guardiola's leadership.

City finished third in the Premier League table and registered 12 away wins, equalling the Club record set in 2001-02 when Kevin Keegan's side won promotion back to the top flight. They also reached the semi-final of the FA Cup, beaten by Arsenal at Wembley after dominating the match for long periods. City have now finished inside the top four in the Premier League for the last seven seasons, the only Premier League club to do so.

In the Champions League, City once again made it out of a difficult group before succumbing to Monaco on goal difference in the last 16.

City now have the nucleus of a quality young squad equipped to deliver long-term success. Kevin De Bruyne registered a remarkable 18 assists in the league, Sergio Agüero became only the fifth player to score 20 or more goals in three consecutive Premier League seasons and Vincent Kompany, the team's influential leader, returned from injury to play a major role in the final weeks of the campaign. Agüero ended the season in sight of ousting Eric Brook as City's all-time leading goalscorer.



CITY MEN

MEN

2016-17 RECORD

PERFORMANCE OF MEN'S FIRST TEAM THIS SEASON



PREMIER LEAGUE STATS

KEY ACHIEVEMENTS IN THE 2016-17 SEASON



FIVE YEARS OF CONSISTENCY

MANCHESTER CITY WAS THE HIGHEST-RANKING PREMIER LEAGUE CLUB ACROSS A HOST OF PERFORMANCE METRICS BETWEEN 2012-13 AND 2016-17



WOMEN

The 2016-17 season was an unforgettable one for Manchester City, who not only captured all three domestic trophies, but also achieved historic success on the European stage, competing in their first UWCL competition.

In September 2016 City became FA WSL champions for the first time in their history after an undefeated campaign which earned them the accolade 'The Invincibles'. The team celebrated their second trophy of the season a month later, beating Birmingham 1-0 in an extra time thriller to win the Continental Cup.

Carli Lloyd, two-time FIFA Women's Player of the Year, Olympic gold medallist and World Cup winner, signed for Manchester City on a short-term contract for the FA WSL Spring Series, a shortened season as the WSL changed from summer to winter.

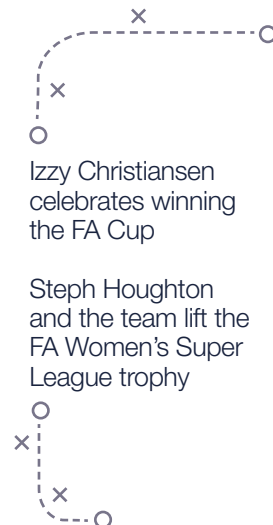
Lloyd was a participant in City's UWCL campaign, scoring her first goal as a City player against Denmark's Fortuna Hjørring, as the team earned qualification for the semi-final.

City faced French league champions and UWCL title holders Olympique Lyonnais in the semi-final, enduring their first loss of the season in the home leg, but netting one away goal in the second leg for an away win, although it was not sufficient to keep them in the competition.

Back on domestic soil, City made it to the final of the SSE Women's FA Cup for the first time, beating Birmingham City 4-1 in front of a record audience, and capping off the domestic treble.

The season was wrapped up with a second-place finish in the FA WSL Spring Series, in which they were beaten only on goal difference.

11 Manchester City players were selected for the European Women's Championships in July 2017, of which eight were English, two Scottish and one Swedish, although Jen Beattie was ruled out through injury.



Izzy Christiansen celebrates winning the FA Cup

Steph Houghton and the team lift the FA Women's Super League trophy



WOMEN

2016-17 RECORD

DOMESTIC TREBLE FOR THE WOMEN'S FIRST TEAM SQUAD



Source: Manchester City

A RECORD YEAR

RECORD AUDIENCES FOR THE WOMEN'S TEAM IN AN AWARD-WINNING YEAR



Source: Manchester City

SPOTLIGHT: MANCHESTER CITY'S STELLAR SEASON

Manchester City had a stellar 2016-17 season, completing the domestic treble of the FA Women's Super League trophy (2016), the FA WSL Continental Tyres Cup (2016) and the FA Women's Cup (2017), a remarkable achievement for a team in its third season. In addition, the squad reached the semi-final in their inaugural UEFA Women's Champions League (UWCL) season.

These trophies led to a further wave of prestigious awards given for both team and individual performances, including:

- Nick Cushing won FA WSL and North West Football Awards (NWFA) Manager of the Year
- Isobel Christiansen won Women's Player of the Year at the NWFA
- The Club won WSL 1 Club of the Year at the FA Women's Football Awards
- The team was nominated for Team of the Year at the BBC Sports Personality Awards
- Five players were named in the PFA WSL Team of the Year
- Lucy Bronze won PFA Player of the Year and WSL Player of the Year

As a result of their unbeaten WSL season, City became the first women's football club to appear on the front page of a British national newspaper, the Guardian, and Steph Houghton later graced the cover of FourFourTwo magazine, alongside her male colleagues, and Metro's MatchZone magazine.

City's fanbase has continued to grow apace, including a league-record number of seasoncard holders. Attendance at City home games increased by 50% from the previous season and is the highest in the WSL for the third consecutive year, reaching a peak at 4,096 against Chelsea Ladies in their final match of the season and breaking the previous league attendance record.

The club was the first in the UK to broadcast a competitive fixture on Facebook Live when City took on Doncaster Belles, which reached more than 3.5 million people. In the UWCL, three home fixtures were also streamed live, reaching a cumulative audience of 12.1 million people.

The shortened FA WSL Spring Series saw the signing of two-time Olympic gold medallist, Women's World Cup winner and twice winner of FIFA World Footballer of the Year, Carli Lloyd. When she took to the field at the FA Cup Final at Wembley Stadium, more than 35,000 people saw her play in person, and 1.2 million more on national television (BBC Two).



WOMEN

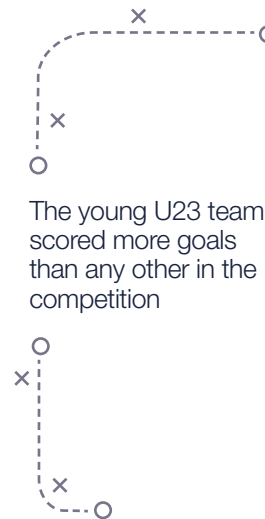
ELITE DEVELOPMENT SQUAD

The Elite Development Squad (EDS), made up primarily of U19 players, finished second in the U23 Premier League 2 and were knocked out of the UEFA Youth League by eventual winners Salzburg in a playoff to reach the quarter-final stage.

The young U23 team scored more goals than any other in PL2, and two of its members, Brahim Diaz and Phil Foden, enjoyed their first team debuts in the Capital One Cup and Champions League respectively.

Four EDS players made European finals with England. Lukas Nmecha and Isaac Buckley-Ricketts were part of the tournament-winning U19 team, and Phil Foden and Joel Latibeaudiere made it to the final with the U17s.

EDS members Thomas Agyepong, James Horsfield, Manu Garcia, Ash Smith-Brown and Pablo Maffeo were loaned to NAC Breda and Girona for the 2016-17 season, at the end of which both teams had achieved promotions to Eredivisie and La Liga respectively.



The young U23 team scored more goals than any other in the competition



ACADEMY

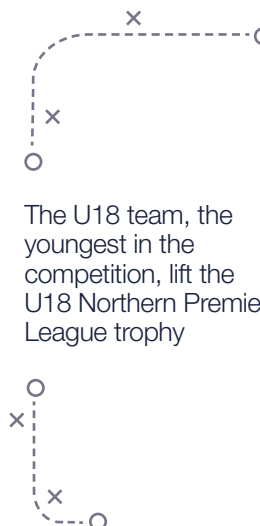
City Football Academy (CFA) Manchester was created with youth development at the forefront of its design. In its third year of operation, it is now home to 160 boys and 120 women and girls, and its boys youth teams brought home nine trophies across all age groups.

The U18 boys, with the youngest team in the competition, went unbeaten for the first 21 games of the season and won the North Division with 55 points from 22 games. For the third successive season they reached the FA Youth Cup Final, where they were beaten by Chelsea.

Their on-field success was given the royal seal of approval when five of the boys were invited to meet HRH the Duke and Duchess of Cambridge, together with the City captain Steph Houghton and midfielder Jill Scott, at the National Football Museum as part of a series of royal visits in Manchester.

For the second consecutive period the boys academy was awarded Category One Status by the Premier League, the highest available ranking in the Premier League's Elite Player Performance Plan (EPPP) youth development scheme. The FA awarded the girls Tier 1 status, the highest level, and the CFA opened its doors as an official FA Regional Talent Centre (RTC) in July 2016.

Boys and girls players at all age groups have enjoyed international success. There are currently 25 players in the boys academy who represent their country at U15-U18 levels, including 20 England internationals. Five players in the girls RTC are youth internationals, following in the footsteps of the women's team, which boasts a total of 13 senior international players, seven of them from the England team.



The U18 team, the youngest in the competition, lift the U18 Northern Premier League trophy



ACADEMY

ACADEMY SUCCESS

WINNING PERFORMANCES FROM THE YOUTH TEAMS

U9  **U9**
 Winners – Premier League Powerplay
 Winners – Neuenheim Cup, Germany
 Winners – Rosta Cup, Italy
 Winners – Mini Euro, France

U10  **U10**
 Winners – IberCup, USA

U14  **U14**
 Winners – Premier League
 International Tournament

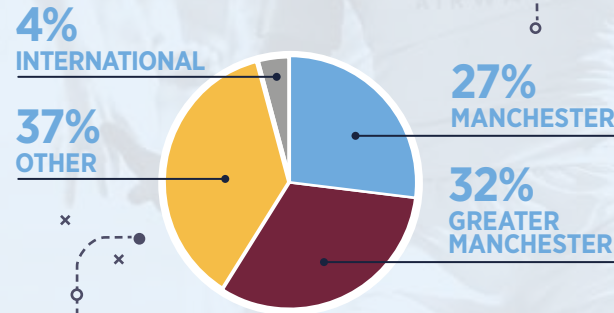
U15  **U15**
 Winners – Premier League Floodlit
 Cup, Northern Division
 Winners – Premier League
 International Tournament

U18  **U18**
 Northern Champions –
 Premier League

Source: Manchester City

GEOGRAPHICAL SPLIT OF ACADEMY PLAYERS

59% OF PLAYERS IN THE ACADEMY ARE LOCAL



160 
 Academy players in
 total across all years
 in 2016-17

Source: Manchester City


SCHOOL REPORT


EDUCATIONAL ACHIEVEMENTS OF THE ACADEMY PLAYERS

71 
 Players at St Bede's College

100% 
 Number of U18s registered
 at the local sixth form college

100%
 Pass rate on BTEC Level 3 courses
 in 2016-17 for all the players who
 were studying at the Club

30 
 Players working towards
 completing their Duke of
 Edinburgh Bronze Award

73% 
 GCSE pass rate for players at
 St Bede's College, 7 points
 above the national average

Source: Manchester City

CITYZENS

OVERVIEW

The Etihad was one of England's busiest stadium venues in 2016-17, with 19 league games, six cup games and eight concerts, all scheduled around a redevelopment of the Stadium's West Stand.

In the Premier League, an average of 54,000 supporters attended each home game, and the Club created new customised experiences for junior fans with the introduction of Family Days, an exclusive two-hour pre-game experience at the CFA.

The women's team's incredible season was watched by a league-record number of fans at the Academy Stadium, with an increase in attendance of 50% from the previous year.

City continued to focus on digital innovation, and were named the fourth most tech-savvy sports team in the world by Sports Techie. The Club harnessed new technology to give fans unmatched access, including the City Virtual Reality app, offering a real-life match experience

Average of
54,000
supporters at Premier League home games

Fans from
80
different countries attended a match at the Etihad Stadium during 2016-17



through an Oculus headset, Snapchat Specs which allow followers to share the vision of the wearer, and a Facebook Messenger chat bot, a world first for a football club, providing live updates direct to the user's Facebook inbox.

Responding to the global growth in eSports, City became only the second Premier League club to sign a player, when Kez Brown joined the Club in July 2016. In April 2017 Chris Holly joined New York City FC as City Football Group's second eSports signing, and an MLS first.



CITYZENS



MATCHDAY

The Etihad Stadium, now City's home for 15 seasons, underwent a part-refurbishment with the redevelopment of the stadium's West Stand that began in early August. The project was designed to bring player facilities up to date with new dressing rooms and referee spaces. Work also began on new hospitality concept 'Tunnel Club', which is centred around a glass players' tunnel that allows fans to see in – the first of its kind in the Premier League.

The regular stadium improvements saw the Club top-rated by fans in the annual Premier League match attender survey. City supporters scored the Club's matchday experience in the top three in six of 20 statements, including facilities for children, Wi-Fi connectivity and cleanliness.

Attendance at Premier League home games averaged 54,000, a club record for the second consecutive year, following the expansion of the Etihad Stadium in 2015-16. In the Women's Super League, City saw a 50% increase in attendance, reaching a peak at 4,096 against Chelsea Ladies, a number which broke the previous league record and put City at the top of the attendance table for the third consecutive season.

City worked with fan groups on a series of initiatives to enhance the in-game experience, including the creation of a new fan-designed and fan-voted crowd banner and the relocation of fans into singing sections.

For two hours before every Premier League game, 1,000 junior fans were given exclusive access to the City Football Academy (CFA) for a two-hour fun-filled family experience culminating in a 'march to the match' across the connecting bridge between the CFA and Etihad Stadium.

The Etihad Stadium was awarded first place for hospitality in the annual VisitFootball survey, for the fourth consecutive year, and the Etihad was in second place in the survey overall across all categories. Manchester City also won Best Football Club Hospitality at the Football Business Awards 2016, Best Corporate Hospitality Venue at the Eat Sleep and Drink Awards 2017, Best Matchday Hospitality (Silver) at the Stadium Experience Awards and Best Sports Club Event Hospitality (Bronze) at the Sports Business Awards.

In addition to Manchester City's home games, the stadium hosted a total of ten nights of concerts from the Stone Roses, Coldplay, Bruce Springsteen and AC/DC, along with an England vs Turkey friendly, making it one of the busiest stadium venues in the country during the 13-month period from June 2016-June 2017.



Junior fans enjoy 'Family Day', a new experience before Premier League home games



MATCHDAY

CITY'S COMMITMENT TO AFFORDABLE PRICING

FOURTH CHEAPEST ADULT SEASON TICKET IN THE PREMIER LEAGUE IN 2016-17



CHEAPEST PREMIER LEAGUE SEASON TICKET IN 2016-17



MOST EXPENSIVE PREMIER LEAGUE SEASON TICKET IN 2016-17

Source: BBC Sport (Price of Football Survey 2016)

ETIHAD VISITOR STATS FOR 2016-17

CONTINUED RECORD ATTENDANCES AT THE ETIHAD STADIUM FOLLOWING THE STADIUM EXPANSION



Average Premier League home attendance, with an occupancy rate of 99%



Average time a Manchester City fan has been attending the Club's football matches



Unique home supporters attending a match at the Etihad stadium



From which fans came to games at the Etihad Stadium

Source: Manchester City, Premier League Match Attender Survey 2016-17

MATCHDAY

A TOP-CLASS MATCHDAY EXPERIENCE

TOP 3 FOR 6/20



MATCHDAY EXPERIENCE STATEMENTS

- #1** CLEANLINESS
- #1** WI-FI CONNECTIVITY
- #2** MOBILE PHONE SIGNAL
- #2** TOILET FACILITIES
- #3** SIGHT LINES IN THE STADIUM
- #3** FACILITIES FOR CHILDREN (ACCORDING TO FANS ATTENDING WITH CHILDREN)

95% 

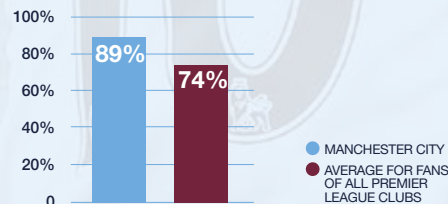
Match attenders agree that Manchester City performs well in its investment in facilities

Source: Premier League Match Attender Survey 2016-17

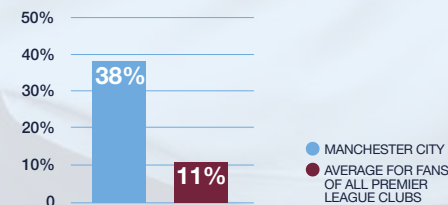
A WELCOMING ATMOSPHERE

MANCHESTER CITY OFFERS A WELCOMING ENVIRONMENT FOR ALL FANS AT THE ETIHAD STADIUM

MY CLUB MAKES AN EFFORT TO MAKE THE GROUND A **CHILD-FRIENDLY ENVIRONMENT**



I GO TO A **FAN ENTERTAINMENT AREA/FAN ZONE** BEFORE ENTERING THE STADIUM



91% Female match attenders agree that Manchester City provides a safe and welcoming matchday environment for female fans

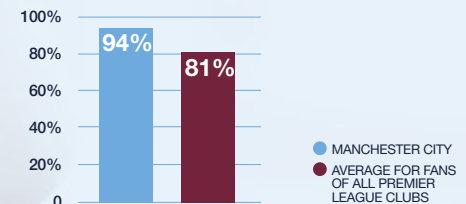
Source: Premier League Match Attender Survey 2016-17

FAN SENTIMENT

MATCH ATTENDERS' POSITIVITY TOWARDS MANCHESTER CITY



PROPORTION OF FANS WHO SAID THEY **FEEL POSITIVE** TOWARDS THEIR CLUB



95% 

Match attenders agree that Manchester City play beautiful football and are entertaining to watch

82% 

Match attenders agree that Manchester City is a club that cares about its fans

Source: Premier League Match Attender Survey 2016-17

DIGITAL

2016-17 was another season of significant digital innovation, starting with the announcement of the new manager in July 2016. During his first weekend in Manchester, Pep was initiated into the city as he travelled around the city centre in a black cab picking up unsuspecting fans – the resulting ‘Pep’s Taxi’ video clocked up more than 21 million views on Facebook and YouTube and a total reach of 50 million.

The new mobile-first website launched at the same time as the new badge was revealed, and fans met the new manager for the first time. The site, co-created over the previous 12 months with ongoing fan consultation including a beta phase, saw a 33% uplift in mobile usage, and a 25% increase in video views over the reporting period.

City were the first Premier League club to make use of Snapchat Specs, giving the platform’s users behind-the-scenes access when they were worn by men’s team players and by the Club’s Snapchat Host on matchdays. Yaya Touré was the first player to wear the glasses in the build-up to December 2016’s home game against Chelsea.

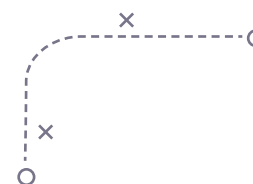
New virtual reality technology transported fans to a virtual VIP suite through the ‘CityVR’ Oculus app, allowing fans to watch City games from the previous season, switching to different corners of the pitch throughout the match and showing player information and match statistics.

The Club went live on Facebook 145 times in 2016-17, offering fans around the world live Manchester City women’s home games, Guardiola’s first Q&A at the Cityzens Weekend and a fan receiving a tattoo of the new City badge.

More than 400 people applied to take part in the first ever Man City Hackathon, of which 60 finalists were invited to the City Football Academy to take part in a two-day hack with the objective to ‘develop new ideas to improve player movement, passing, running and overall performance’. The second hack, in February 2017, was focused on discovering ‘how digital technology can help grow and further reinforce a sense of community and belonging’.

In China, City remained the second most followed football club on Chinese social media, and was ranked the fifth most influential European Club in China, according to Mailman’s Red Card 2017 China Digital Football Index.

In July 2016 Manchester City entered the fast-developing world of eSports with the signing of Kez Brown, followed in April 2017 by New York City FC’s Chris Holly and Melbourne City’s Marcus Gomes in August 2017.



The Club held two Man City Hackathons at the City Football Academy



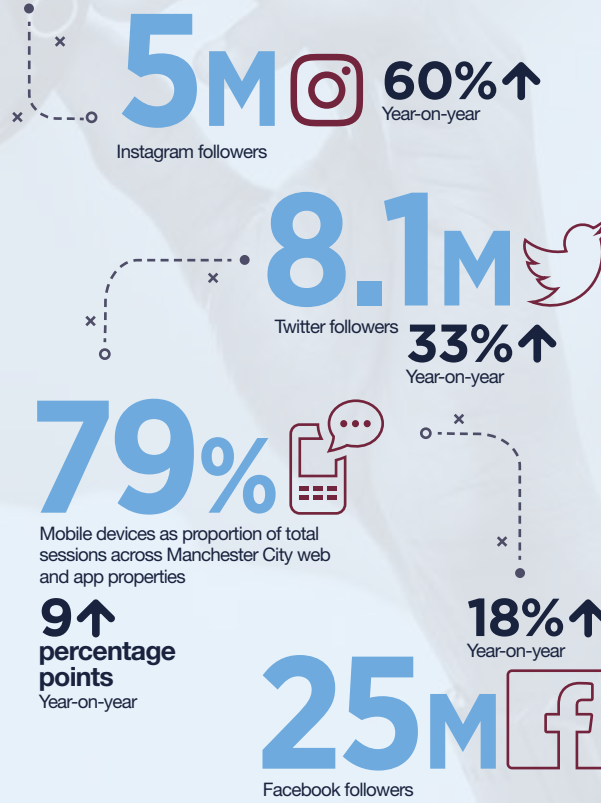
“Innovating the beautiful game: how Man City is taking football from the terraces to the web”

WIRED MAGAZINE, JAN 2017

DIGITAL

DIGITAL AND SOCIAL MEDIA

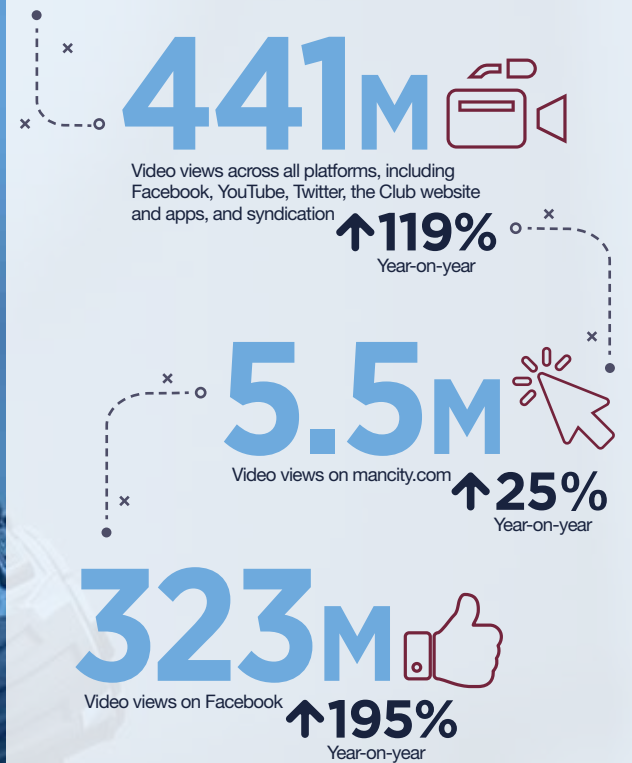
KEY AREAS OF GROWTH FOR MANCHESTER CITY IN 2016-17



Source: Social Bakers, Google Analytics

ONLINE VIDEO VIEWS

MANCHESTER CITY VIDEO CONTENT ACROSS DIGITAL PLATFORMS AND FACEBOOK IN 2016-17



Source: YouTube analytics, Facebook analytics, Brightcove analytics, Twitter analytics

COMMUNITY

City in the Community (CITC) celebrated its 30th year in the 2016-17 season, recognising the contribution of the thousands of people who have helped to make the charity what it is today.

The support of City fans has been a vital part of the charity's development, and 94% of City fans believe that the Club makes a significant contribution to the local community, 21 percentage points more than the Premier League average.

The charity's revenue grew to £2.3 million, a record amount that enabled the delivery of 1,650 hours of free football during school holidays and at peak times of anti-social behaviour, almost 16,000 community sessions and 242 local people to gain qualifications. CITC now employs 62 full-time and 22-part time staff, plus 80 volunteers, and five new apprentices for the 2016-17 season.

These five apprentices joined CITC as part of the 'Coach Core' initiative, a joint programme created by the Duke and Duchess of Cambridge and Prince Harry's Royal Foundation, which will offer a total of 20 apprenticeships within Greater Manchester over the next 12 months.

CITC began a new programme for 2-to-5-year-old children, teaching physical literacy and basic movement in 120 Manchester nurseries. Its Primary Stars programme grew, and is now in 64 primary schools for 38 days a year, helping to deliver health and education outcomes through football.

In March 2017 CITC held the first ever 'Blue Run', a 5-kilometre run with a colourful twist, taking in

the full City Football Academy site and raising £40,000 for the charity. CITC also delivered 700 hours of community activity at the CFA during the year, including pan-disability football, girls' football and holiday-time soccer schools.

For the third consecutive year, the CFA played host to the Young Leaders Summit, where young people from Cityzens Giving projects around the world receive training to deliver innovative community football programmes tackling pressing social issues. The Young Leaders all work on projects within the 'Cityzens Giving' campaign, City Football Group's global community initiative.

CITC staff also travelled to Cityzens Giving projects around the world to provide Young Leaders training on the ground, visiting nine major cities including Melbourne, New York and Cape Coast. Coaches visiting the Cityzens Giving project in Mumbai were joined by City midfielder Jill Scott, who spent two days delivering leadership workshops and community football coaching clinics.

City Football Schools (CFS) continues to expand its international presence, with more than 2,700 players taking part in programmes in Abu Dhabi, and Club partner activities in Jamaica and China. Over 1,300 children also travelled to CFA Manchester from 50 different countries for CFS football education initiatives.

In China, CFS coaches have delivered football sessions with the Ministry of Education to more than 350,000 pupils in eight different provinces, and in the US, City returned to San Diego for the Manchester City Cup presented by Nexen Tire. The annual tournament welcomed 422 boys and girls teams, a 34% increase from the previous year.

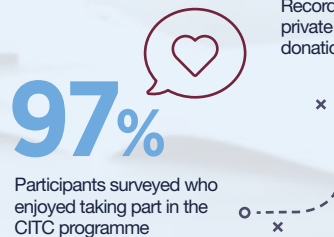
The new 5k Blue Run raised £40,000 for CITC



COMMUNITY

CITC ENGAGEMENT STATS

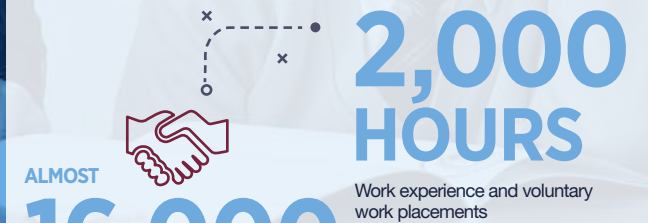
RECORD NUMBERS FOR CITY IN THE COMMUNITY IN 2016-17



Source: Manchester City

CITC HIGHLIGHTS

KEY OUTCOMES IN 2016-17



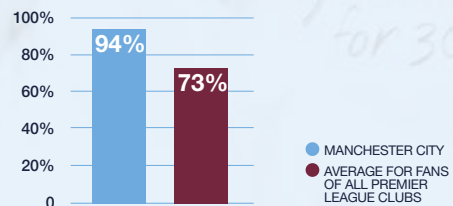
Source: Manchester City

COMMUNITY

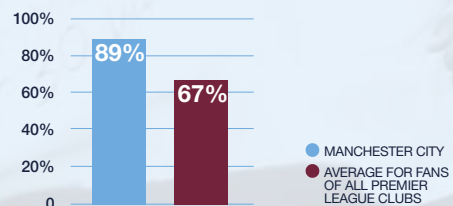
FAN APPRECIATION OF COMMUNITY INITIATIVES

MANCHESTER CITY FANS HAVE A HIGH AWARENESS AND APPRECIATION OF THE CLUB'S COMMUNITY WORK

MY CLUB ALREADY MAKES A SIGNIFICANT CONTRIBUTION TO THE LOCAL COMMUNITY



I AM AWARE OF COMMUNITY INITIATIVES RUN BY MY CLUB



75% My club makes a greater contribution in its community than five years ago

Source: Manchester City

CITYZENS MEMBERSHIP PROGRAMME

GIVING MANCHESTER CITY FANS A VOICE IN THE CLUB'S DECISIONS

OVER

60,000 MEMBERS



Joined by May 2017

27,000

Number of participants working across 125 City Voice projects

ALMOST

400,000



Votes cast by fans in this season's campaign deciding how the Cityzens Giving fund was allocated

£1.5 MILLION



Total funding commitment to Cityzens Giving projects over last three seasons

Source: Manchester City

CITY FOOTBALL SCHOOLS

EXPANDING THEIR PRESENCE ALL OVER THE WORLD

4,000+

Young people who participated in City Football Schools in four countries in 2016-17



6,300



Players in Manchester City Cup presented by Nexen Tire, in San Diego in May 2017, drawn from 422 participating boys and girls teams (up 34% on 2016). The games attracted more than 40,000 visitors

350,000+

Pupils aged 6-19 who have taken part in the Ministry of Education schools coaching sessions in eight provinces in China delivered by City Football Schools since the programme launched in November 2015

50+

COUNTRIES



From which more than 1,300 young players aged 9-17 came to Manchester to train at the City Football Academy as part of the City Football Language School, City Football Performance Program and City Football Training Experience

Source: Manchester City

SPOTLIGHT: CITY IN THE COMMUNITY TURNS 30

The 2016-17 season marked City in the Community's (CITC) 30th year.

The foundation of CITC in 1986 formalised a century of commitment to social responsibility. 30 years on, with the support of passionate fans, CITC uses the power of football to promote health, confidence, safe spaces and pathways into training and jobs, working with 30,000 individuals in Greater Manchester each year.

To mark the 30-year milestone, City in the Community welcomed UK Sports Minister Tracey Crouch to a showcase of key projects at the City Football Academy.

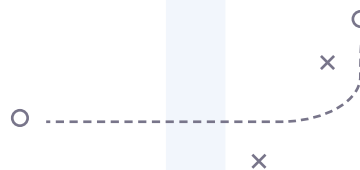
The visit focused on two flagship programmes, 'One City' and 'Kicks', both of which have played a pivotal role in helping to bring greater access to sport for young and disabled people in the local community.

As part of the celebrations, BBC One documentary 'Sister Rita to the Rescue' featured a CITC nutrition programme in Manchester. The five-part series followed a drop-in centre in an underserved area of the city, and showed how CITC's programme is helping the community enhance their cooking skills, prepare healthy meals on a budget, and make the most out of ingredients from the food bank.

CITC also teamed up with Make a Wish Foundation for their own 30-year celebrations, granting a number of wishes throughout the year, including that of an 11-year-old amputee footballer who had a kickabout with the men's team, before leading the team out as mascot for the game against Crystal Palace.

Etihad Airways supported the 30-year celebrations with the launch of a new six-week literacy project in April 2017. City Stars is designed to build children's confidence in reading, writing and spoken language, using examples from the world of football. This is particularly important in Manchester where, according to the National Literacy Trust, children and young people spend less time reading a book than the national average. A successful pilot earlier in the season showed 73% of children felt City Stars made them more confident in their literacy skills, and 69% said the project increased the likelihood of them reading outside of school.

City also created a brand new fundraising event for the anniversary year. In March 2017, the first ever 'Blue Run' took place at the City Football Academy, with 1,200 City fans turning themselves blue for the 5-kilometre dash, raising £40,000 for City in the Community.



MEMBERSHIP AND SUPPORTER CLUBS

At the end of the 2016-17 season, City's entire men's team decided to surprise an army of local fans in their homes, workplaces and schools across the city to show the Club's supporters that we are #nothingwithoutyou.

Vincent Kompany had tea with the Club's oldest Seasoncard holder, 101-year-old Vera Cohen, and David Silva, Kevin De Bruyne, Nolito and Angus Gunn delivered a P.E. lesson to kids at Divine Mercy Primary School, located on the site of City's previous stadium, Maine Road.

40 Supporters Clubs were awarded special commemorative plaques, presented by former players including Tony Book, Mike Summerbee and Paul Dickov, based on the length of time they have been operating. Clubs from Denton, Manchester to Denver, Colorado received the plaques, with the oldest being Brooks Bar, founded in 1949.

Thousands of Supporters Club members in Indonesia, Brazil, Vietnam and China attended new Club-coordinated matchday viewing parties. In Rio De Janeiro, former City player Elano attended the event, which was live-streamed on ESPN Brazil.

Almost 400,000 City fans took part in the Cityzens Giving campaign, voting to decide how funds were split between six international community programmes. To date, the campaign has provided £1.5 million funding to support delivery and training of football-based community projects in 12 cities on six continents.

Pep Guardiola and Karen Bardsley surprised members of the Manchester City Supporters Club



MEMBERSHIP

SPOTLIGHT: CITYZENS WEEKEND

In July 2016, the Club opened the doors of the City Football Academy to thousands of fans for the inaugural Cityzens Weekend, a free two-day event bringing together supporters from Manchester and around the world to celebrate the launch of the new Club badge, introduce new manager, Pep Guardiola, and reveal the new kit for the upcoming season.

Cityzens Weekend coincided with the launch of the new website, mancity.com, on which fans were able to stream a live broadcast of the Cityzens Weekend events, including Pep's official introduction to the fans.

The new badge was first revealed on the Thursday evening before Cityzens Weekend when it was projected on to Manchester Town Hall. The Etihad Campus underwent an incredible transformation for the event, as the new badge was installed across the site. More than 100 people contributed to the process as the Etihad Stadium, Market Street City Store, City Football Academy and the community bridge were updated with the new designs. The new badge was also installed in City's global offices, in the UK and around the world.

This new badge marked a return to its historical round shape and features a series of iconic Manchester symbols – the ship, the three rivers and the red rose of Lancashire. For the first time the Club has included the year of its foundation, 1894, as a nod to its rich history within the Manchester community. Its final design followed a consultation in which supporters were given an opportunity to have their say on whether and how they would like the badge to evolve.

Cityzens Weekend was later recognised at both the Sports Business and Stadium Business Awards – for best non-matchday use of venue, and sales and marketing respectively.



OUR BUSINESS



OVERVIEW

Manchester City achieved record revenues in 2016-17 of £473 million, and reported a third consecutive annual profit of £1.1 million over an adjusted 13-month period.

The Club continues to operate with zero financial debt, with net assets of £678 million and the wage/revenue ratio sits at a healthy 56%.

City rose one place to take fifth position in the Deloitte Football Money League 2017 and, according to Brand Finance, the Club's brand value passed the US\$1 billion mark.

According to the Premier League's annual Match Attender survey, Manchester City fans remain positive about the Club; 98% of fans believe the Club is heading the right direction, 97% agree that it performs well in terms of its long-term vision and 85% believe the Club is maintaining its ethos and traditions.

2016-17 Revenue

£473m

Change since 2015-16

+21%



BUSINESS

PERFORMANCE

Manchester City's revenue figure was a Club record-breaking £473.4 million for the 2016-17 season, marking an increase of 21% from the previous season.

The two major contributory factors to this growth were a 23% increase in commercial revenue (to £218.0 million) and a 26% increase in broadcasting revenue (to £203.5 million). Matchday revenue (at £51.9 million) remained broadly consistent with the previous year.

The 26% increase in broadcast revenue was primarily driven by the new deal for televised Premier League games which began this season, and qualification for the FA Cup semi-final.

The wage/revenue ratio sits at a healthy 56%, only a five percentage point difference from the previous year.

The 2017 year-end changed from 31 May to 30 June, meaning that this reporting period covers 13 months. This change was introduced to better align the Manchester City financial year with the growing number of entities in the Group. It has had an adverse impact on the profitability of the business, as there is generally little revenue in June while costs continue to accrue. Despite this, the Club has continued to post a profit of £1.1 million on ordinary activities after taxation.

The Club rose one place in the Deloitte Football Money League 2017, overtaking Paris Saint-Germain to become the fifth biggest European club by revenue, and remaining the second biggest club in the Premier League by revenue.

According to Brand Finance, City's brand value passed the US\$1 billion mark, a rise of 13%, making it the sixth most valuable football brand globally in 2017.



PERFORMANCE

FAN PERCEPTIONS OF THE CLUB

SUPPORT FROM MANCHESTER CITY FANS FOR THE CLUB'S PERFORMANCE OVERALL

PROPORTION OF MATCH ATTENDERS SURVEYED WHO AGREE WITH THE FOLLOWING STATEMENT



98%

Heading in the right direction



97%

Has a long-term vision

85%

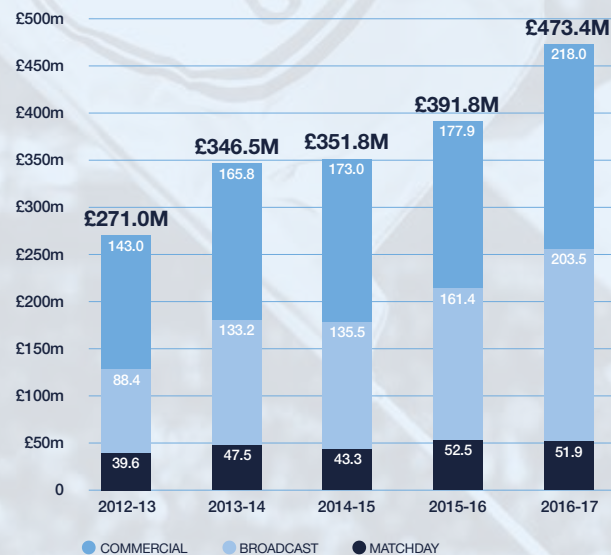
Maintains the ethos and traditions of the club

Source: Premier League Match Attender Survey 2016-17

MANCHESTER CITY REVENUE GROWTH

21% INCREASE IN REVENUES IN 2016-17

£473.4 MILLION



BRAND VALUE

MANCHESTER CITY'S BRAND VALUE PASSES THE \$1BN MARK, MAKING IT THE SIXTH MOST VALUABLE FOOTBALL BRAND GLOBALLY IN 2017

TOP 6 MOST VALUABLE FOOTBALL BRANDS GLOBALLY

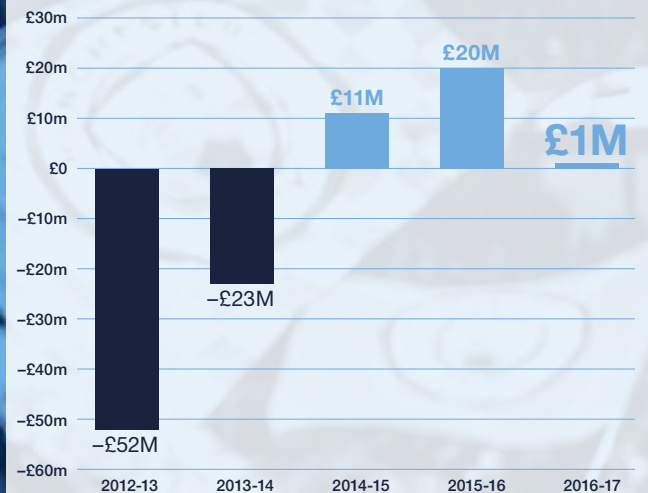
Rank	Club	Brand Value (\$bn)
1	Manchester United FC	1.7
2	Real Madrid CF	1.4
3	FC Barcelona	1.4
4	Chelsea FC	1.2
5	FC Bayern München	1.2
6	Manchester City	1.0

Source: Brand Finance Football 50, June 2017

CLUB PROFITABILITY

A THIRD CONSECUTIVE YEAR OF PROFITS IN 2016-17 (BASED ON 13 MONTHS AS THE FINANCIAL YEAR-END CHANGES FROM MAY TO JUNE)

MANCHESTER CITY NET PROFIT/(LOSS)



GLOBAL VISION

Manchester City's global presence continues to grow, with local offices in Manchester, London, Abu Dhabi, New York, Melbourne, Tokyo, Singapore and Shanghai.

In April 2017, City's parent company, CFG, purchased Uruguayan team FC Torque. The investment enabled CFG to build on existing connectivity in the country and helps to expand the current options for identifying and developing local Uruguayan and South American talent.

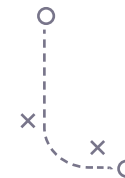
As part of the annual pre-season tour, the men's team travelled to China, visiting Beijing and Shenzhen for showcase games against Manchester United and Dortmund. Whilst in the Far East, City players had a kickabout on the Great Wall of China to launch the new 2016-17 away kit, and held a football festival for thousands of fans. The derby match was cancelled late on due to inclement weather, but City finished 1-1 against Dortmund at the Longgang Stadium in Shenzhen.



Pep Guardiola with His Highness Sheikh Mansour and Chairman Khaldoon Al Mubarak



Aaron Mooy, formerly of Manchester City and Melbourne City, signed for Huddersfield Town in June 2017



CEO Ferran Soriano addresses City Football Group staff following the acquisition of FC Torque

GLOBAL

GLOBAL VISION



In June 2017 Manchester City player Aaron Mooy was sold to Huddersfield Town for a record-breaking fee, having signed from sister-club Melbourne City the previous year. During his two years at Melbourne City, Aaron was part of the team alongside Australia's highest scoring player, Tim Cahill, that won the FFA Cup, the Club's first ever men's silverware. The victory took place in November 2016, 34 months after the team was acquired by City Football Group. This timeline almost exactly mirrors Manchester City, who won their first trophy (FA Cup) 33 months after the acquisition by Sheikh Mansour.

The success of Manchester City's women's team was mirrored in Melbourne, where the W-League side won the Champions Plate for the second consecutive year. Since November 2016, the team have trained in a dedicated W-League wing of the City Football Academy, based upon the same research-based philosophy and design as the Manchester facility.

Across the Atlantic from Manchester, Patrick Vieira completed his first season as Head Coach of New York City FC (NYCFC), following two years in charge of Manchester City's Elite Development Squad. The team will soon train in a facility familiar to the Head Coach, when City Football Academy New York is opened in early 2018. Under Vieira's leadership, NYCFC finished in fourth place, up 13 places from the previous season, and in December 2016 star striker David Villa was awarded MLS MVP.



VISION

GLOBAL VISION

MANCHESTER CITY'S GLOBAL FOOTPRINT IN 2016-17



OFFICES



ABU DHABI
NEW YORK

LONDON
SHANGHAI

MANCHESTER
SINGAPORE

MELBOURNE
TOKYO



TOURS



BEIJING

SHENZHEN



CLUBS

COMMUNITY PROJECTS

BANDUNG
CAPE COAST
KUALA LUMPUR
MEXICO CITY

BARRANQUILLA
CAPE TOWN
MANCHESTER
NEW YORK

BEIJING
KOLKATA
MELBOURNE
SÃO PAULO

MANCHESTER
NEW YORK
YOKOHAMA

MELBOURNE
TORQUE

GLOBAL VISION TOUR

The men's team travelled to China to take part in the International Champions Cup (ICC) as part of the annual pre-season tour. Although inclement weather in Beijing saw the game against Manchester United called off at the last minute, City went on to beat Borussia Dortmund on penalties in front of 30,000 fans in Shenzhen, with UK TV viewers following the game live on Sky Sports.

Since City's last visit to China in 2012, the Club's activities in the country have increased significantly. Today, City has an established and rapidly growing fan-base, multiple digital platforms (Sina Weibo, Miapopai, WeChat), including a Chinese-language website (mfc.cn), and a local office. In October 2015, President Xi, known to be a football fan, visited the City Football Academy as part of a state visit to the UK.

The Club's activities in the region have accelerated following the US\$400 million investment by China Media Capital (CMC) Holdings, creating a platform for Club and Group activities across the region.

During the two-week tour, more than 50 million impressions were made on City's Chinese content platforms. Mfc.cn had its higher ever engagement, as fans checked in to see Sergio

Agüero reveal the new away kit on the Great Wall, plus a game of football tennis between star players. Through CMC, David Silva and Raheem Sterling were invited to take part in a promo for reality TV singing show 'Sing China', watched by more than 250 million people each episode.

Fans in Beijing and Shenzhen had the opportunity to get up close to the team at a series of events, including the City Football Festival Beijing, attended by 3,000 people.

City is committed to giving back to the community wherever it has a footprint. Whilst in Beijing, the Club announced a three-year funding commitment for a Special Olympics project as part of Cityzens Giving, and 24 Young Leaders were invited to a three-day Cityzens Giving youth leadership training programme, helping to ensure an ongoing and sustainable positive community impact.

The Club's Chinese partners capitalised on the unique engagement opportunities offered with the men's team on the ground, with Didi live-streaming a football challenge at the Great Wall, watched live by 3 million people and drawing in excess of 190 million page views. New partners Valvoline and Whaley featured on the newly revealed shirt at the ICC games, on the sleeve and back-of-shirt respectively.

City Football Schools (CFS) have sent 17 coaches to eight different provinces in the last 12 months to work with 350,000 young people. The coaches work with local coaches and schools in select cities to raise standards across the country in support of President Xi's long-term vision for the game.



Players attend a football festival for fans in Beijing

Sergio Agüero on the Great Wall of China during the pre-season tour



PARTNERS

In March 2017, Manchester City became the first Premier League team to take advantage of the shirt sleeve asset, newly released by the Premier League to its clubs, when Korean tyre giant Nexen Tyre were announced as Official Sleeve Partner for the men's and EDS teams.

The Club enjoyed significant commercial success in the Asia Pacific (APAC) region, and held the first ever APAC-specific partner forum in Shanghai in 2016, attended by six of City's new Chinese partners. The Club's second 'Evening of Innovation' was held in Shanghai in March 2017, offering an exclusive behind-the-scenes view of City's on-and-off-field developments.

Ethiad Airways and Manchester City created a new digital video series, produced by Vice Media, called 'City2City', which received over nine million views. The branded content explored how grassroots football inspires, motivates and shapes young lives, while examining fascinating aspects of each city, focusing on Beijing, New York, Paris and Mumbai.



Manchester City became the first Premier League team to take advantage of the shirt sleeve asset with Nexen Tyre

The women's team celebrated new women's team-specific partnerships, with Manchester Metropolitan University and with Pioneer Group. The team now have a total of nine partnerships, including seven shared with the men's team.



PARTNERS

PARTNERS

SAP

New for the 2016-17 season, SAP designed and created the Premier League's first fan-friendly interactive digital wall, the #CityPulse Wall, featuring touchscreen interface and video display, located in City Square – the social hub of the Etihad Stadium in Manchester.

The #CityPulse Wall, powered by SAP HANA, was designed to enhance the matchday experience for fans and help change the way fans access and consume football data, providing them with access to data-driven insights, real-time statistics and player profiles for every player across Manchester City's men's, women's and Elite Development Squad (EDS) teams.

Through these insights, fans are able to analyse their favourite players throughout the season and dive deeper into tailored performance indicators to get an in-depth look at how each Manchester City player is performing on the pitch.



SAP designed and created the Premier League's first fan-friendly interactive digital wall, the #CityPulse Wall

The #CityPulseWall Teaser video and Launch video had very positive engagement on social media, with more than 232,000 and 55,000 views respectively. The launch was covered in various online publications, including Computer Weekly and The Drum.

The Wall is located in the middle of City Square, near the main entrance for transport links, providing a perfect location for fan football. It has become a part of the fans' matchday experience, creating an estimated number of 472,500 impressions during the 2016-17 season.



PARTNERS

PARTNERS

WIX

The partnership between Wix and Manchester City went from strength to strength in 2017. In March 2017, Wix launched a competition giving its Latin American users the opportunity to win a commercial for their Wix-designed website, starring Manchester City players.

During the ten-day campaign, more than 15,000 designs were submitted. The eventual winner, Brazilian Gabriel Gargiulo Pacca, shot an online commercial to promote his business featuring four City stars – Brazilian trio Gabriel Jesus, Fernandinho and Fernando and Spanish teammate Aleix Garcia.

Natalie Rozenboim, Head of Brand Partnerships at Wix, said, "One of the great advantages we see in this partnership is how strong the Manchester City team is in Latin America, a top geography for Wix. In this campaign, we gave a Wix user the chance of a lifetime – a commercial for his business starring Manchester City players. This is the kind of money-can't-buy experience that really makes the partnership come to life for our users while also empowering a small business. The resulting video highlighted Wix and Man City's shared values of playing hard and having fun."



Wix and Man City shared values are playing hard and having fun



PARTNERS

PARTNERS

WOLF BLASS

In May 2016, leading Australian wine brand Wolf Blass signed a multi-year regional marketing partnership with Manchester City, making them Official Wine Partner for Asia, Middle East and Africa (MEA), and Mexico.

Using Manchester City and football as a platform, Wolf Blass are working to demystify wine in key territories and increase consumption 'occasionally'. The partnership is also designed to grow brand visibility in emerging markets, and drive social media reach and engagement.

In the first year of the partnership, a three-month co-branded marketing campaign was rolled out in nine countries (Singapore, Indonesia, Philippines, Myanmar, Malaysia, Thailand, Vietnam, Cambodia and Laos) linking in-store purchase to digital activity, with co-branded videos featuring City players undertaking skills challenges.



During the campaign, Wolf Blass' Facebook following increased by more than 60%, they achieved over 6 million impressions via social media posts, and grew consumer sales by nearly 200% across South East Asia.

Wolf Blass has also released a special edition Blue Label Manchester City branded wine.



PARTNERS

PARTNERS HAYS

Hays' and Manchester City's theme for the 2016-17 season was 'Match Your Ambition', a successful multi-channel campaign designed to demonstrate the clear connection between football and recruitment.

The campaign included sponsorship of the team line-up announcement on men's matchday, content offering a revealing look at the professional ambitions of City players and staff, and the creation of 'Player CVs' for City players. Significant levels of engagement were generated across Hays and Manchester City social channels, driving further interest in the Hays brand from City followers in the 33 countries in which Hays operates.

In April 2017 City and Hays were the focus of CNBC's Marketing Media Money programme on Sponsorship in Sport, which was distributed across the CNBC World network and broadcast more than 350 times globally.



Hays and Manchester City continue to demonstrate the clear connection between football and recruitment

The programme featured senior City Football Group and Hays executives discussing how the relationship is much more than a conventional sports sponsorship, offering behind-the-scenes insight into how the partnership came about, and showing how Hays is activating around the world.



PARTNERS

PEOPLE

Manchester City was the only sports company recognised in the 'Best Workplaces (Large)' category by the Great Place to Work Institute in its 2017 report, ranking in 25th place, four positions higher than the previous year.

94% of City staff said they were proud to tell others that they work at the Club and 82% felt this was a 'great place to work.' The results showed an 88% favourable response regarding Manchester City's approach to equality and diversity. The Club also performed higher than many of the world's best workplaces in relation to statements around CSR activity and unique perks and benefits for staff.

A new wellness scheme, 'Be City', was introduced, offering staff a number of new initiatives including the provision of yoga sessions, a weekly fitness bootcamp and free healthy food at breakfast and lunch. In addition, the Club held a series of special events including matchday screenings for the men's team, women's team and EDS games with expert half-time talks. External speakers were welcomed

to City Football Academy for International Women's Day, and to help celebrate the history of the Club. Staff were also granted exclusive first access to The Tunnel Club, our latest hospitality offering, to sample the food and service. Their feedback was taken into account in the official development plans.

Eight staff were awarded the 'Captain's Club' award, a monthly award given for high achievement and presented by team captains Vincent Kompany and Steph Houghton.

Four staff received their long service award having reached the milestone 20-year service. As at the end of June 2017, 48 staff have been with Manchester City for between 10 and 19 years, and 13 staff for more than 20 years.

94% of City staff are proud to tell others that they work at the Club and 82% felt this was a 'great place to work'



PLACES

Almost three years on from its opening, the City Football Academy won three awards at the RIBA 2017 Awards – the RIBA North West Award, RIBA North West Sustainability Award and RIBA North West Client of the Year.

Environmental efficiency remains a focus, and in 2016-17 the site maintained 0% waste to landfill and reduced use of mains sourced water by 83% due to increased recycling and drawing of waters from the bore-hole. Energy consumption was reduced across the Etihad Campus: by 60% in the City@Home and City Store buildings following further expansion of LED lights to replace conventional lighting, and by 20% in the Etihad and Academy Stadia following optimisation of the changed floodlighting schedule.

Community access is an important part of the City Football Academy (CFA). In addition to 40 hours of community football activity on-site each week, the facility is host to monthly supporter club meetings, fundraising events and local residents' meetings.



The City Football Academy hosts 40 hours of community football every week

Energy consumption was reduced across the Etihad Campus



PLACES

PEOPLE AND PLACES

EQUALITY AND DIVERSITY PARTNERS

MANCHESTER CITY IS COMMITTED TO TACKLING DISCRIMINATION IN ANY FORM, WORKING WITH A RANGE OF DIVERSITY PARTNERS



Show Racism the Red Card



CITY PEOPLE

RECOGNITION FOR CITY AS A GREAT PLACE TO WORK



The only sports company recognised in the 'Best Workplaces (Large)' category by the Great Place to Work Institute in its 2017 report



CFG staff say that taking everything into account this is a great place to work



Staff say they are proud to tell others that they work at CFG



UK employees are members of the corporate cash plan, offering health, fitness, wellbeing and insurance benefits

Source: Great Place to Work Institute, Manchester City

ENVIRONMENTAL COMMITMENTS

MANCHESTER CITY'S FOCUS ON RECYCLING AND ENERGY EFFICIENCY



Proportion of waste that goes to landfill



Reduction in mains-sourced water at CFA, due to increased recycling and drawing of waters from bore hole



Reduction in energy consumption following further expansion of LED lights to replace conventional lighting in City@Home and City Store buildings



Reduction in energy consumption following optimisation of time the floodlights at the Etihad Stadium and CFA Academy Stadium are turned on

Source: Manchester City

FINANCIAL REPORT

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DIRECTORS AND ADVISORS

DIRECTORS

K Al Mubarak (Chairman)

M Edelman

S Pearce

M Al Mazrouei

J MacBeath

A Galassi

COMPANY SECRETARY

S Cliff

REGISTERED OFFICE

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

BANKERS

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

AUDITORS

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

DIRECTORS AND ADVISORS

CONTINUED

The Board of Directors comprises:

KHALDOON AL MUBARAK, CHAIRMAN

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

MARTIN EDELMAN, MEMBER OF THE BOARD

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

SIMON PEARCE, MEMBER OF THE BOARD

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

MOHAMED AL MAZROUEI, MEMBER OF THE BOARD

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

JOHN MACBEATH, MEMBER OF THE BOARD

John MacBeath was appointed to the Board in January 2010. He served as Interim Chief Executive Officer of Manchester City FC from September 2011 to September 2012. John MacBeath is a Chartered Accountant with extensive international business experience in the oil & gas and aerospace industrial sectors.

ALBERTO GALASSI, MEMBER OF THE BOARD

Alberto Galassi was appointed to the Board in June 2012. Alberto Galassi is the CEO of Ferretti Group, a multinational shipbuilding company and leader in luxury yachts. Mr Galassi is an attorney at law specialised in international commerce and arbitration.

STRATEGIC REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and Auditors' report, for the 13 month period ended 30 June 2017. The longer accounting period is due to the Directors' decision to change the year end in line with that of the Group's therefore the results are not entirely comparable.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

Manchester City ('the Club') continued its upward trajectory on-and-off the pitch, building upon nine seasons of growth since Sheikh Mansour's investment in 2008.

The season began with a new manager, Pep Guardiola, a new website, mancify.com, and the introduction of the new Manchester City badge, voted for by fans. The Club's charity, City in the Community, began its 30th year celebration, which continued throughout the season.

During this reporting period, the men's team finished third in the Premier League, reached the FA Cup semi-final, and qualified for the UEFA Champions League (UCL) for the seventh consecutive season. In youth football, the U18's won the Premier League North Division and reached the FA Youth Cup final for the third consecutive season, and the Academy won nine trophies across all age groups.

This financial report covers a 13-month period from 1 June 2016 to 30 June 2017 following a decision to change the year end. This change was introduced to better align the Manchester City financial year with the growing number of entities in the group. It has had an adverse impact on the profitability of the business as there is generally little revenue in June while costs continue to accrue. Despite this, the Club has continued to post a profit of £1.1m on ordinary activities after taxation.

The Club's revenues for the period, £473.4m, are 21% higher than the previous year and represent the ninth consecutive period of revenue growth under the ownership of the Abu Dhabi United Group. The revenue increase on the previous season was driven primarily by a growth in both commercial and broadcast revenue.

Broadcast revenue is reported at £203.5m, an increase of 26.1%, mainly as a result of the new Premier League deal which began in the 2016-17 season. An increase in sponsorship deals during the period resulted in growth in commercial revenue of 23% to £218.0m.

Matchday revenue remained consistent as the Etihad Stadium was host to a total of 26 home games, with average attendance at the 19 Premier League home games of 54,019.

Manchester City has net assets of more than £678m and continues to operate with zero financial debt. The Club remains committed to controlling wage costs, and reported a healthy wage/revenue ratio of 56% during the 2016-17 season.

Manchester City measures key performance against the following indicators:

Key performance indicator	Result
First team performance – Premier League finishing position	3rd place
First team performance – UEFA Champions League	Round of 16
Employee costs/revenue	56%
Average league home attendance	54,019
Commercial revenue growth	23%
Profit on disposal of Players' registrations	£34.6m

RISKS AND UNCERTAINTIES

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

By order of the Board

J MacBeath

Director

12 October 2017

DIRECTORS' REPORT

DIRECTORS

The Directors who held office for the period were as follows:

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

RESULT FOR THE YEAR

The profit for the period was £1,088,000 (2016: £20,483,000). The Directors do not propose a dividend (2016: £nil).

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions. Donations to UK charities amounted to £4,607,448 (2016: £2,673,025). This amount includes £3.7m supporting Premier League youth and community development.

EMPLOYEE INVOLVEMENT

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

DISABLED EMPLOYEES

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

FUTURE DEVELOPMENTS

Future developments are discussed in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

WEBSITE PUBLICATION

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

AUDITORS

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

By order of the Board

J MacBeath

Director
12 October 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANCHESTER CITY LIMITED

We have audited the financial statements of Manchester City Limited for the 13 month period ended 30 June 2017 which comprise the consolidated profit and loss account, the consolidated and Company balance sheets, the statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 June 2017 and of the Group's profit for the period 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, based on the work undertaken in the course of the audit:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters 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.

Stuart Wood (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
Manchester
12 October 2017

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE 13 MONTH PERIOD ENDED 30 JUNE 2017

	Note	Operations excluding player trading 13 month period ended 30 June 2017 £000	Player trading 13 month period ended 30 June 2017 £000	Total 13 month period ended 30 June 2017 £000	Total Year ended 31 May 2016 £000
Turnover	4	473,375	–	473,375	391,774
Other operating income	5	2,450	–	2,450	800
Operating expenses	5	(384,262)	(121,742)	(506,004)	(389,773)
Operating profit/(loss)		91,563	(121,742)	(30,179)	2,801
Profit on disposal of players' registrations		–	34,563	34,563	20,714
Profit/(loss) before interest and taxation		91,563	(87,179)	4,384	23,515
Interest receivable and similar income	8	2,091	–	2,091	1,637
Interest payable and similar charges	9	(1,676)	–	(1,676)	(996)
Stadium finance lease charges		(4,695)	–	(4,695)	(4,567)
Profit/(loss) on ordinary activities before taxation		87,283	(87,179)	104	19,589
Taxation	10	984	–	984	894
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		88,267	(87,179)	1,088	20,483

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

The notes on pages 53 to 68 form part of these financial statements.

BALANCE SHEETS

Registered number: 02989498

	Note	Group		Company	
		30 June 2017 £000	31 May 2016 £000	30 June 2017 £000	31 May 2016 £000
Fixed assets					
Intangible assets	12	335,468	268,648	–	–
Tangible assets	13	412,570	398,549	–	–
Investments	14	–	–	678,208	677,120
		748,038	667,197	678,208	677,120
Current assets					
Debtors – amounts falling due within one year	15	270,691	202,448	–	–
Debtors – amounts falling due after more than one year	15	23,351	13,620	–	–
Cash at bank and in hand		18,706	55,818	–	–
		312,748	271,886	–	–
Creditors					
Derivative financial instruments		–	(353)	–	–
Creditors – due within one year	16	(161,103)	(122,330)	–	–
Deferred income – due within one year	19	(133,304)	(37,992)	–	–
		18,341	111,211	–	–
Net current assets		18,341	111,211	–	–
Total assets less current liabilities		766,379	778,408	678,208	677,120
Creditors – due after more than one year	17	(80,575)	(93,245)	–	–
Deferred tax liabilities	20	(7,596)	(8,043)	–	–
NET ASSETS		678,208	677,120	678,208	677,120
Capital and reserves					
Called up share capital	21	65,115	65,115	65,115	65,115
Share premium account		1,232,393	1,232,393	1,232,393	1,232,393
Profit and loss account		(619,300)	(620,388)	(619,300)	(620,388)
SHAREHOLDERS' FUNDS		678,208	677,120	678,208	677,120

The notes on pages 53 to 68 form part of these financial statements.

The Company profit for the period includes a profit after tax of £1.088m (2016: £20.483m).

These financial statements were approved by the Board of Directors on 12 October 2017 and were signed on its behalf by:

J MacBeath

Director

STATEMENT OF CHANGES IN EQUITY

GROUP

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
As at 1 June 2015	65,115	1,232,393	(640,871)	656,637
Profit for the year	–	–	20,483	20,483
As at 31 May 2016	65,115	1,232,393	(620,388)	677,120
Profit for the period	–	–	1,088	1,088
AS AT 30 JUNE 2017	65,115	1,232,393	(619,300)	678,208

COMPANY

	Share capital £000	Share premium £000	Profit and loss account £000	Total £000
As at 1 June 2015	65,115	1,232,393	(640,871)	656,637
Reversal of impairment	–	–	20,483	20,483
As at 31 May 2016	65,115	1,232,393	(620,388)	677,120
Reversal of impairment	–	–	1,088	1,088
AS AT 30 JUNE 2017	65,115	1,232,393	(619,300)	678,208

The notes on pages 53 to 68 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 13 MONTH PERIOD ENDED 30 JUNE 2017

	Note	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	144,624	70,460
Return on investments and servicing of finance			
Interest paid		–	(7)
Interest element of finance lease payments		(3,541)	(3,494)
Interest received		960	332
Net cash outflow from return on investments and servicing of finance		(2,581)	(3,169)
Capital expenditure			
Purchase of player registrations		(199,343)	(130,864)
Sale of intangible fixed assets		52,238	58,519
Purchase of other intangible assets		(1,900)	(24)
Purchase of tangible fixed assets		(27,583)	(18,088)
Sale of tangible fixed assets		9	3,694
Net cash outflow from capital expenditure		(176,579)	(86,763)
Net cash outflow before financing		(34,536)	(19,472)
Financing			
Capital element of finance lease rental payments		(348)	(330)
Net cash outflow from financing		(348)	(330)
Movement in cash in the period	25	(34,884)	(19,802)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		55,818	74,752
Exchange (losses)/gains on cash and cash equivalents		(2,228)	868
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		18,706	55,818

The notes on pages 53 to 68 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The financial statements of Manchester City Limited (the 'Group' and the 'Company') for the 13 month period ended 30 June 2017 were authorised for issue by the Board of Directors and the balance sheet was signed on the Board's behalf by J MacBeath on 12 October 2017.

Manchester City Limited is a private company limited by share capital incorporated and domiciled in England and Wales under the Companies Act 2006. The registered office is City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ. The principal activities of the Group are discussed in the Strategic Report.

These financial statements were prepared in accordance with Financial Reporting Standard ('FRS') 101 under the historical cost convention and are presented in pounds sterling and all values are rounded to the nearest thousand except when otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PREPARATION

The Group meets the definition of a qualifying entity under FRS 100 issued by the FRC. The Group financial statements have therefore been prepared in accordance with FRS 101 and with those parts of the Companies Act 2006 applicable to Companies reporting under FRS 101.

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

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

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

The requirement of IFRS 7 Financial instruments: disclosures.

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

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

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

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

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

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

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

NEW AND AMENDED STANDARDS AND INTERPRETATIONS MANDATORY FOR THE FIRST TIME FOR THE FINANCIAL YEAR BEGINNING 1 JUNE 2016 AND ADOPTED BY THE GROUP

Annual improvements 2014-2016 and 2015-2017 cycles are a collection of amendments to standards as part of the IASB programme of annual improvements. The standards impacted are listed below:

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

NEW AND AMENDED STANDARDS AND INTERPRETATIONS ADOPTED EARLY

No standards have been adopted early by the Group.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

- Amendments to IFRS 2 Share-based payment
- Amendments to IFRS 4 Insurance Contracts
- Amendments to IFRS 15 Revenue from contracts with customers
- Amendments to IFRS 16 Leases
- Amendments to IFRS 9 Financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Group and its subsidiary undertakings up to 30 June 2017. The acquisition method of accounting has been adopted.

FOREIGN CURRENCY TRANSLATION

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

TRANSACTIONS AND BALANCES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the reporting date. All differences are taken to the profit and loss account with the exception of all monetary items that form part of a net investment in a foreign operation. These are recorded in other comprehensive income until the disposal of the net investment, at which time they are reclassified to the profit and loss account. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or the profit and loss account is also recognised in other comprehensive income or the profit and loss account respectively).

TURNOVER

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

MATCHDAY

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

Matchday revenue includes revenue generated from the following competitions:

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

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

TV BROADCASTING

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

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

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

OTHER COMMERCIAL

Other commercial revenue includes revenue derived from the Manchester City brand through partnership and other commercial contracts. Turnover from related activities such as concerts, conferences and events is recognised following the completion of the event. Turnover receivable in advance of the event is deferred until its completion when it is released to turnover.

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

OTHER OPERATING INCOME

Income from the Elite Player Performance Plan ('EPPP') being a youth development scheme initiated by the Premier League is recognised in the financial year for the season to which it relates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

ACCRUED AND DEFERRED INCOME

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

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

TAXES

CURRENT INCOME TAX

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

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

DEFERRED TAX

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

VAT AND OTHER SALES TAXES

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

LEASES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

FIXED ASSETS

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

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

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment charges are recognised in the profit and loss account when the carrying amount of the asset exceeds its estimated recoverable value, being the higher of the asset's fair value less cost to sell and value in use. These amounts are calculated with reference to future discounted cash flows that the asset is expected to generate when considered as part of a cash generating unit ('CGU').

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account when the asset is derecognised.

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

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

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

INTANGIBLE ASSETS

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

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

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

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

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

PLAYERS' REGISTRATIONS AND FOOTBALL STAFF REMUNERATION INITIAL RECOGNITION

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

RENEGOTIATION

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

IMPAIRMENT

Management believe the value in use of a player registration cannot be determined on a player by player basis unless a decision has been made to dispose of the player or the cost is recovered through an insurance claim, for example if a player were to suffer a career threatening injury. If such a case were to arise, management would assess the registration's fair value less cost to sell in comparison to its carrying value. Where the estimated fair value less cost to sell of a single player registration was below its carrying value, management would record an impairment charge in profit and loss immediately.

DISPOSAL

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

When a player registration sale is completed, the fair value of consideration receivable less any applicable transaction costs, is assessed against the registration's carrying value. Where the amounts are different, gains and losses arising as a result of the sale are recorded and disclosed separately within profit and loss on players' registrations in the profit and loss account. Contingent consideration receivable from a sale of a player's registration is only recognised in the profit and loss account once the performance conditions within the contract are met.

REMUNERATION

Player remuneration is recorded in profit and loss in line with the conditions of the individual contracts. Performance bonuses are recorded as they become legally or contractually payable on a player by player basis. Loyalty and signing on fees payable are recorded in the profit and loss account in the period to which they relate.

INVESTMENTS

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

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

FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

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

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

SUBSEQUENT MEASUREMENT

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

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

LOANS AND RECEIVABLES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

AFS FINANCIAL ASSETS

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivatives used to hedge documented risks are initially recognised at fair value on the date of inception and subsequently measured at fair value at the end of each period. Subsequent changes in fair value are recognised depending on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges in order to hedge future cash flows denominated in foreign currencies.

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

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit and loss when the hedge item affects profit or loss. Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods when the hedged item is recognised in profit and loss. When a hedging derivative is sold or expires, or when it no longer meets the criteria for hedge accounting, any cumulative gains or losses previously recognised in equity remains in equity and is only recognised when the hedged item is ultimately recognised in profit and loss.

CAPITAL GRANTS

Grants receivable in respect of capital expenditure are treated as deferred income and released to profit and loss over a future period when there is reasonable assurance that the grant conditions will be fully complied with. This period will equal the economic life of the assets to which the grants relate. Deferred grant income in the balance sheet represents total grants received less amounts credited to profit and loss.

TRADE AND OTHER DEBTORS

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

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

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

CASH AT BANK AND IN HAND

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

TRADE AND OTHER CREDITORS

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

PENSION COSTS

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

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

OBLIGATIONS UNDER FINANCE LEASES

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and assumptions used by management are based on historical experience and other relevant factors.

PLAYER REGISTRATIONS

The costs associated with players' registrations are initially recognised at the fair value of the consideration payable for the acquisition, which includes the Company's estimate of the fair value of any contingent consideration. Subsequent reassessments of the contingent consideration payable are included in the players' registration. The estimate of the amount of contingent consideration payable requires management to assess, on a player by player basis, the likelihood of specific performance terms being met which would result in the payment of contingent consideration.

Management will perform an impairment review of player registrations, if events indicate that the carrying value is not recoverable through an inflow of future economic benefits. Whilst management do not feel it is appropriate to separate an individual player registration from a single CGU, being the operations of the club in possession of the registration, there may be limited circumstances in which a registration is removed from the CGU and recoverability assessed separately. Where such indications exist, management will compare the carrying value of the asset with management's best estimate of fair value less cost to sell.

INTANGIBLE ASSETS

Management will perform an impairment review of other intangible assets, if events indicate that the carrying value is not recoverable through an inflow of future economic benefits. Where such indications exist, management will compare the carrying value of the asset with management's best estimate of fair value less cost to sell.

FINANCIAL INSTRUMENTS

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

DEBTOR RECOVERABILITY

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

4. TURNOVER

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Matchday	51,868	52,523
Broadcasting – UEFA	47,928	61,242
Broadcasting – All Other	155,566	100,139
Other commercial activities	218,013	177,870
	473,375	391,774

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

5. OPERATING (LOSS)/PROFIT

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Other operating income		
Other operating income	2,450	800
	2,450	800
Operating expenses		
Direct cost of sales and consumables	11,876	8,801
Remuneration of Auditors and its associates:		
Audit fees	41	47
Tax services	18	18
Other services	50	50
Hire of other assets – operating leases	137	63
Capital grants released and amortised	(296)	(132)
Other external charges	94,176	76,929
Staff costs (Note 7)	264,133	197,584
Amortisation of player registrations	121,742	93,952
Amortisation of other intangibles	574	8
Profit on disposal of fixed assets	(3)	(189)
Depreciation of tangible fixed assets:		
Owned	10,426	9,659
Leased	3,130	2,983
	506,004	389,773
Operating (loss)/profit		
Operating profit before player trading	91,563	96,753
Amortisation of player registrations	(121,742)	(93,952)
	(30,179)	2,801

6. DIRECTORS REMUNERATION

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Directors' emoluments	–	–
Company contributions to money purchase pension schemes	–	–
Amounts paid to third parties in respect of Directors' services	–	–

No Directors were paid in the period (2016: £nil) and no Company pension contributions were made (2016: £nil).

7. EMPLOYEES

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

	2017	2016
Average number of employees	–	–
Football staff – including players	153	150
Commercial/administration staff	172	170
	325	320

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	232,840	174,360
Social security costs	30,722	22,606
Other pension costs	571	618
	264,133	197,584

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Bank interest	293	544
Other	1,798	1,093
	2,091	1,637

9. INTEREST PAYABLE AND SIMILAR CHARGES

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Bank loans and overdrafts	1,673	996
Other loans	3	–
	1,676	996

10. TAXATION

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

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Current tax		
UK corporation tax at 19.8% (2016: 20%) on profits for the period	–	–
Adjustments in respect of prior years	(537)	–
Total current tax credit	(537)	–
Deferred tax		
Impact of change in UK corporation tax rate	(447)	(894)
Total deferred tax credit	(447)	(894)
TOTAL TAX CREDIT	(984)	(894)

(B) FACTORS AFFECTING TAX CREDIT FOR THE PERIOD:

The tax credit for the period varies from the standard rate of corporation tax in the UK of 19.8% (2016: 20%). The differences are explained below:

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Profit on ordinary activities before taxation	104	19,589
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.8% (2016: 20%)	21	3,918
Effects of:		
Expenses not deductible for tax purposes	189	254
Fixed asset timing differences	1,648	2,187
Other permanent differences	836	429
Additional deduction for land remediation expenditure	–	–
Tax losses utilised in the period	–	–
Adjustments in respect of prior periods	–	–
Differences between capital allowances and depreciation	–	–
Adjustments to deferred tax balances	5,495	11,472
Deferred tax not recognised	(8,104)	(18,138)
Tax rate difference arising on revaluation of stadium	(447)	(894)
Income not taxable for tax purposes	(85)	(122)
Adjustments in respect of prior years	(537)	–
TOTAL TAX CREDIT FOR THE PERIOD	(984)	(894)

The Company has corporation tax losses available for carry forward of approximately £502.9 million (2016: £503 million).

(C) FACTORS THAT MAY AFFECT FUTURE TAX CHARGES:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

11. COMPANY RESULTS

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Company profit for the period includes a profit after tax of £1.088m (2016: £20.483m).

12. INTANGIBLE FIXED ASSETS

Group	Other intangibles £000	Player registrations £000	Total £000
Cost			
As at 1 June 2016	1,494	523,413	524,907
Additions	1,900	203,535	205,435
Disposals	–	(39,020)	(39,020)
AS AT 30 JUNE 2017	3,394	687,928	691,322
Amortisation			
As at 1 June 2016	1,260	254,999	256,259
Charge for the period	574	121,742	122,316
Disposals	–	(22,721)	(22,721)
AS AT 30 JUNE 2017	1,834	354,020	355,854
Net book value			
AS AT 30 JUNE 2017	1,560	333,908	335,468
As at 1 June 2016	234	268,414	268,648

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

13. TANGIBLE FIXED ASSETS

Group	Land and Buildings (Freehold) £000	Land and Buildings (Short Leasehold) £000	Land and Buildings (Long Leasehold) £000	Assets under course of construction £000	Fixtures, Fittings & Equipment £000	Total £000
Cost						
As at 1 June 2016	176,972	1,594	196,185	2,392	54,596	431,739
Additions	–	–	92	24,083	3,408	27,583
Disposals	–	–	–	–	(15)	(15)
Reclassification	15,444	–	1,000	(16,507)	63	–
AS AT 30 JUNE 2017	192,416	1,594	197,277	9,968	58,052	459,307
Depreciation						
As at 1 June 2016	3,728	145	8,593	–	20,724	33,190
Charge for the period	2,671	22	3,108	–	7,755	13,556
Disposals	–	–	–	–	(9)	(9)
Reclassification	–	–	–	–	–	–
AS AT 30 JUNE 2017	6,399	167	11,701	–	28,470	46,737
Net book value						
AS AT 30 JUNE 2017	186,017	1,427	185,576	9,968	29,582	412,570
As at 1 June 2016	173,244	1,449	187,592	2,392	33,872	398,549

FINANCE LEASE ON ETIHAD STADIUM

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

14. FIXED ASSET INVESTMENTS

Company	Shares in Subsidiary Undertakings £000
Cost	
As at 1 June 2016	1,303,490
Additions	–
AS AT 30 JUNE 2017	1,303,490
Provision	
As at 1 June 2016	626,370
Additions	–
Reversal of impairment	(1,088)
AS AT 30 JUNE 2017	625,282
Net book value	
AS AT 30 JUNE 2017	678,208
As at 1 June 2016	677,120

Subsidiary undertakings	Principle activities	Proportion of voting rights and share capital held	Registered address
Manchester City Football Club Limited	Professional football club	100%	City Football HQ, 400 Ashton New Road, Manchester, M11 4TQ
Manchester City Investments Limited*	Dormant company	100%	Etihad Stadium, Etihad Campus, Manchester, M11 3FF

* denotes indirect investments.

All companies are incorporated in England and Wales.

The circumstances that led to the reversal of the impairment in the Subsidiary undertaking is that the Subsidiary has made a continued profit over the previous three years showing sustained profitability.

15. DEBTORS

	Group		Company	
	30 June 2017 £000	31 May 2016 £000	30 June 2017 £000	31 May 2016 £000
Amounts falling due within one year				
Trade debtors	129,659	65,498	–	–
Debtors arising from player transfers	29,955	26,129	–	–
Amounts owed by group undertakings (Note 27)	74,149	46,146	–	–
Amounts owed by related party undertakings (Note 27)	367	206	–	–
Other debtors	40	23	–	–
Prepayments and accrued income	36,521	64,446	–	–
	270,691	202,448	–	–
Amounts falling due after more than one year				
Debtors arising from player transfers	23,194	13,299	–	–
Other debtors	157	321	–	–
	23,351	13,620	–	–
TOTAL DEBTORS	294,042	216,068	–	–

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

16. CREDITORS: DUE WITHIN ONE YEAR

	Group		Company	
	30 June 2017 £000	31 May 2016 £000	30 June 2017 £000	31 May 2016 £000
Obligations under finance leases (Note 18)	396	347	–	–
Trade creditors	4,848	5,142	–	–
Creditors arising from player transfers	71,503	49,409	–	–
Amounts owed to group undertakings (Note 27)	815	289	–	–
Amounts owed to related party undertakings (Note 27)	50	611	–	–
Other creditors including tax and social security	43,352	17,212	–	–
Accruals	40,139	49,320	–	–
	161,103	122,330	–	–

17. CREDITORS: DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	30 June 2017 £000	31 May 2016 £000	30 June 2017 £000	31 May 2016 £000
Obligations under finance leases (Note 18)	65,926	66,323	–	–
Creditors arising from player transfers	14,649	26,922	–	–
	80,575	93,245	–	–

18. BORROWINGS

	Group	
	30 June 2017 £000	31 May 2016 Total £000
Maturity of debt:		
Within one year	396	347
Between one and two years	384	365
Between two and five years	1,271	1,210
After more than five years	64,271	64,748
	66,322	66,670

FINANCE LEASES

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

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

	30 June 2017 £000	31 May 2016 £000
Within one year	3,550	3,550
In the second to fifth year	14,200	14,200
Over five years	150,275	153,825
Less future finance charges	(101,703)	(104,905)
	66,322	66,670

19. DEFERRED INCOME

	Group		Company	
	30 June 2017 £000	31 May 2016 £000	30 June 2017 £000	31 May 2016 £000
Within one year:				
Deferred income	133,304	37,992	–	–
Deferred credit for capital grants	–	–	–	–
	133,304	37,992	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20. DEFERRED TAX

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

Group	Property revaluation £000	Total £000
At 31 May 2016	8,043	8,043
Credited to profit and loss account	(447)	(447)
AS AT 30 JUNE 2017	7,596	7,596

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

Group	2017 £000	2016 £000
Deferred tax liabilities	7,596	8,043

The Group has not recognised a deferred tax asset of £97.4m (2016: £116.1m) in relation to accumulated losses, accelerated capital allowances and short term timing differences due to the uncertainty as to whether it can be utilised in the foreseeable future. The losses do not have an expiry date.

No deferred tax has been recognised in the Company.

21. SHARE CAPITAL

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

	30 June 2017 £000	31 May 2016 £000
Issued and called up		
651,028,873 (2016: 651,028,873) Ordinary shares of 10p each – fully paid	65,103	65,103
20 (2016: 20) Ordinary shares of 10p each – 2.5p paid	–	–
49,998 (2016: 49,998) Redeemable deferred shares of £1 each – 25p paid	12	12
	65,115	65,115

No shares were issued during the period.

The redeemable deferred shares are redeemable at the option of the Company and there is no premium to be paid on the shares.

22. PENSIONS

DEFINED CONTRIBUTION SCHEME

Contributions to the defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable. The total contributions in the period amounted to £571,000 (2016: £554,344). As at 30 June 2017, contributions of £101,000 (2016: £75,000) due to the pension scheme were unpaid and recorded in current liabilities

DEFINED BENEFIT SCHEME

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

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

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

The Club currently pays total contributions of £63,852 per annum which increases at 5.0% per annum and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 31 August 2022.

As at 30 June 2017, the present value of the Club's outstanding contributions (i.e. their future liability) is £397,100. This amounts to £66,059 (2016: £65,272) due within one year and £331,041 (2016: £331,041) due after more than one year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. PENSIONS CONTINUED

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

23. COMMITMENTS

OPERATING LEASES

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

Expiring:	30 June 2017 £000	31 May 2016 £000
Within one year	1	1
Within two and five years	–	–
After five years	–	–
	1	1

CAPITAL COMMITMENTS

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

	30 June 2017 £000	31 May 2016 £000
Contracted but not provided for	3,289	2,112

TRANSFER FEES PAYABLE

Additional transfer fees, signing on fees and loyalty bonuses of £111,033,000 (2016: £123,390,000) 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.

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Operating (loss)/profit	(30,179)	2,801
Amortisation and impairment of players' registrations	121,742	93,952
Depreciation	13,556	12,642
Amortisation of other intangible assets	574	8
Profit on sale of fixed assets	(3)	(189)
Fair value (gains)/losses on derivative financial instruments	(353)	843
Increase in debtors	(76,696)	(51,405)
Increase in creditors	115,983	12,881
Release and amortisation of grants	–	(1,073)
NET CASH INFLOW FROM OPERATING ACTIVITIES	144,624	70,460

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH/(DEBT)

	13 month period ended 30 June 2017 £000	Year ended 31 May 2016 £000
Decrease in cash in the period	(34,884)	(19,802)
Net cash inflow from movement in debt	348	330
Movement in net debt resulting from cash flows	(34,536)	(19,472)
Exchange (losses)/gains on cash	(2,228)	868
Opening net (debt)/cash position	(10,852)	7,752
CLOSING NET DEBT POSITION	(47,616)	(10,852)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26. ANALYSIS OF CHANGES IN NET CASH/(DEBT)

	As at 1 June 2016 £000	Cash flow £000	Exchange gains on cash £000	As at 30 June 2017 £000
Cash at bank and in hand	55,818	(34,884)	(2,228)	18,706
Movement in net cash position in the period	55,818	(34,884)	(2,228)	18,706
Debt due within one year	–	–	–	–
Debt due after one year	–	–	–	–
Net cash (excluding finance leases)	55,818	(34,884)	(2,228)	18,706
Finance leases	(66,670)	348	–	(66,322)
	(10,852)	(34,536)	(2,228)	(47,616)

27. RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH SUBSIDIARIES OF CITY FOOTBALL GROUP LIMITED

Transactions during the 13 month period ended 30 June 2017 with New York City Football Club LLC, a fellow subsidiary of City Football Group Limited, consisted of trading balances totalling £63,000 (2016: £13,000), which are included in debtors due within one year, the provision of services of £1,000 (2016: £4,000) and the purchase of services totalling £87,000 (2016: £nil).

TRANSACTIONS WITH BROOKSHAW DEVELOPMENTS LIMITED

A balance from Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment and Development Ltd, of £50,000 (2016: £611,000) is included in creditors due within one year.

TRANSACTIONS WITH ABU DHABI UNITED GROUP INVESTMENT AND DEVELOPMENT LTD

During the period, costs of £161,000 (2016: £206,000) were recovered from the ultimate parent company. A balance of £367,000 (2016: £206,000) was included in debtors due within one year.

KEY MANAGEMENT COMPENSATION

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

28. EVENTS AFTER THE REPORTING DATE

Since the year end the Club has entered into agreements to acquire the football registrations of Ederson Santana de Moraes (from Benfica), Kyle Walker (from Tottenham Hotspur FC), Benjamin Mendy (from AS Monaco FC), Danilo Luiz da Silva (from Real Madrid C.F.), Bernardo Silva (from AS Monaco FC), Douglas Luiz Soares de Paulo (from CR Vasco da Gama), Olarenwaju Kayode (from FK Austria Wien), Ivan Ilic (from Red Star Belgrade), Luka Ilic (from Red Star Belgrade) and Uriel Antuna (from Santos Laguna). The football registrations of Wilfried Bony (to Swansea City AFC), Kelechi Iheanacho (to Leicester City FC), Manuel Agudo Durán (to Sevilla FC), Fernando Francisco Reges Mouta (to Galatasaray SK), Samir Nasri (to Antalyaspor), Aleksandar Kolarov (to AS Roma), Jadon Sancho (to Borussia Dortmund), Olivier Ntcham (to Celtic FC), Rubén Sobrino (to Deportivo Alavés) and Bruno Zuculini (to Hellas Verona FC) have been sold. The net expenditure on these transactions was approximately £161m.

29. ULTIMATE PARENT COMPANY

As at the 30 June 2017 the Company's ultimate parent undertaking was Abu Dhabi United Group Investment and Development Ltd, a company registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan.

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