

MANCHESTER CITY ANNUAL REPORT 2012-13



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MESSAGE FROM THE CHAIRMAN

In the 2012-13 season, Manchester City reinforced its place as one of the leading Clubs in English football with second place finishes in the Barclays Premier League and the FA Cup. While our performance in the UEFA Champions League remained below expectations, the Club's ongoing success in domestic competitions has generated significant commercial opportunities for the organisation and underpinned a strong momentum for the years ahead.

We have every reason to be optimistic. The core group of players we have assembled in recent years has shown that it has what it takes to prevail in the most challenging of circumstances. With the arrival of Manuel Pellegrini and the further strengthening of our squad, Manchester City has entered the 2013-14 season with a renewed sense of confidence for the future.

The Club has made no secret of the fact that winning championships is at the heart of its strategy. However, we are also seeking to create teams that play creative, entertaining football, and at the same time to continue to build a socially responsible and commercially successful off-field operation to harness the opportunities generated by our on-pitch performance. That is the model for a successful and sustainable football club and it is one we continue to pursue in all aspects of our operations.

Rapidly expanding our global presence remains a priority. With that in mind, this year the Club made its first major move into football outside Europe, partnering with the New York Yankees to establish a new MLS team in New York City. This is an important development. Football is one of the fastest growing sports in the US and establishing a team in New York – another great city with a rich sports culture – represents a powerful commercial opportunity.

However, success in Manchester remains at the heart of our plans. That is why during the 2012-13 season, His Highness Sheikh Mansour bin Zayed Al Nahyan approved a potential expansion of the Etihad Stadium, the commencement of construction on the City Football Academy (CFA), the Club's formal backing of Manchester City Ladies Football Club and a further strengthening of our youth development capabilities.

We are already seeing results from investment in our Academy in recent years, with both our U13 and U14 sides winning national championships in 2012-13. The development of homegrown youth talent into first team players – a stated aim at the time of the Club's acquisition – remains an achievable ambition in the years ahead.

In this review of 2012-13, it is important to acknowledge our former first team manager, Roberto Mancini, and thank him once again for the lasting contributions he made to the Club during his tenure.

Looking ahead though, the message is clear. The Club's ambition for the 2013-14 season is to bring silverware to the Etihad Campus. We have the squad, the management, the fans and the organisation to achieve good outcomes in all competitions. Importantly, we also have a new level of confidence tempered by the disappointment of last season. As a Club we now know what it takes to win and I believe that we are more motivated and capable than ever of doing so.

Khaldoon Al Mubarak
Chairman



CHIEF EXECUTIVE'S STATEMENT

In last year's Annual Report I described Manchester City as a Club on the verge of a historic transformation. Today that transformation is well underway and moving at a fast pace. The Club continues to grow while maintaining a path to sustainable profitability.

Naturally, there have been some challenges. Our football results in the 2012-13 season were below expectations. It is the nature of sport and particularly of the highly competitive Premier League that staying on top requires continual improvement. Our football did not improve during 2012-13 and this was reflected in our on-field results.

Quickly bouncing back from that experience, Manchester City has entered the 2013-14 season with a new resolve. We are very satisfied with the improvements that were made to our first team squad in advance of the season. This strengthening was carefully planned and efficiently executed and has given our new manager, Manuel Pellegrini, the opportunity to manage what we believe to be one of the best squads in Europe.

However, recruitment is only part of the picture. We are working very hard to continue evolving the way football is played at Manchester City, to share football concepts, style and philosophy at all levels of the Club and eventually develop players from our youngest sides all the way into our first team.

Our view is that if the Club plays good football and cultivates a strong and consistent football philosophy at all levels, results will follow. This process takes time, but the foundations have been put in place. And, with the landmark City Football Academy (CFA) due to open in advance of the 2014-15 season, our youth development and training capabilities will soon be among the best in the world.

Manchester City has also made a number of improvements to its commercial strategy and organisation. This has included a significant expansion of our commercial partnerships team that has enabled us to better meet the needs of our existing partners while establishing new relationships around the world. We have also invested significantly in the digital content area, with new offerings for our fans and exciting developments to come.

The Club has also continued to invest in its infrastructure and match day capabilities. The addition of WiFi to the Etihad Stadium will enable us to radically improve the experience of watching football for our supporters. We are also conducting a public consultation on the potential expansion of the Etihad Stadium to a capacity of 54,000 and in time up to 60,000. I believe these initiatives will strengthen the reputation of the Etihad Stadium as one of the best venues in England and in Europe.

Financially, the Club continues to improve. Growing revenues and controlled expenses are bringing the Club to breakeven in the immediate future and profitability thereafter.

There have also been some changes to the organisation and management structures. Most notably, the new City Football Group (CFG), established this year will now oversee the operations of Manchester City Football Club, Manchester City Ladies Football Club, the newly established New York City Football Club and other potential future initiatives. This structure is designed to ensure that each of these entities can draw upon the world-class football and commercial capabilities that exist within the City family.

Alongside growth in Manchester City's profile around the world, the Club has maintained its long-standing commitment to the local community. This commitment to the community has always been, and will remain, at the heart of our mission as a football club.

Manchester City is a modern football Club with an identity that has been indelibly shaped by its experiences over more than a century. Through the ongoing commitment of the ownership, employees and partners and the unwavering support of our fans, we have an incredible opportunity to continue to grow at pace, while staying true to the essence of who we are.

Ferran Soriano
Chief Executive Officer



01. FOOTBALL

OVERVIEW

The 2012-13 season was one of mixed results. Most notably, the Club did not repeat its historic success in the Barclays Premier League and fell just short of winning the FA Cup. However, there is much about our domestic performance to give us confidence. In the last three years alone, the Club has achieved three top three finishes in the Barclays Premier League, reached two FA Cup finals and won both of these prestigious competitions for the first time in decades.

While results at home have reinforced our place at the highest levels of English football, the Club's performance in the UEFA Champions League was disappointing. We failed to proceed past the group stage for the second year running and did not meet the targets we had set at the beginning of the season.

The Club's priority for the year ahead is to maintain its performance in domestic competitions – delivering silverware in the process – and to significantly improve its performance in Europe. With that goal established, the Club enters the 2013-14 season with a new manager, a strengthened squad, and a belief that it can compete to win every competition it plays in.

Youth development remains the key long-term priority of the football department. This season the Club has continued the rollout of its Academy Development Plan. Our results at youth levels are particularly promising, with both our U13 and U14 sides crowned national champions in the 2012-13 season. These sides include some of the first Academy scholars to benefit from the full-time education opportunities provided by the Club – an initiative that has significantly expanded the coaching contact hours we are able to deliver while ensuring our players receive a quality education.

Our development capabilities at the critical 18-21 year old stage have also received a significant boost with Patrick Vieira assuming responsibility for the Elite Development Squad. The pathway from our development system into the first team remains strong with five EDS players making their first team debuts in the 2012-13 season.

With highly promising results in our younger age groups and the landmark City Football Academy to open its doors in 2014, it is our expectation that the number of homegrown players making their first team debuts will only increase in the years to come.

The Club has also made an important commitment to women's football in the UK during 2012-13 with Manchester City Ladies Football Club (MCLFC) – with whom the Club had an existing relationship – becoming an official subsidiary of the wider organisation. MCLFC has also been admitted to the top tier of an expanded FA Women's Super League that will commence in 2014.

A STRONG AND COMPETITIVE FIRST TEAM SQUAD

- Manchester City finished second in the Barclays Premier League for 2012-13 and qualified for the UEFA Champions League in 2013-14. The Club has now finished in the top three for the last three seasons running.
- Pablo Zabaleta was one of the four defenders named by the Professional Footballers' Association (PFA) in its 2012-13 Premier League Team of the Year.
- The Club were runners up in the FA Cup after conceding a late goal in the Final at Wembley Stadium. We have now reached the FA Cup Final twice in the last three seasons.
- On the back of our success in the FA Cup in 2010-11 and the Barclays Premier League in 2011-12, Manchester City won the FA Community Shield in August 2012.

34 goals conceded – the best defence in the Premier League



Active internationals in first team squad – more than for any other team in Europe

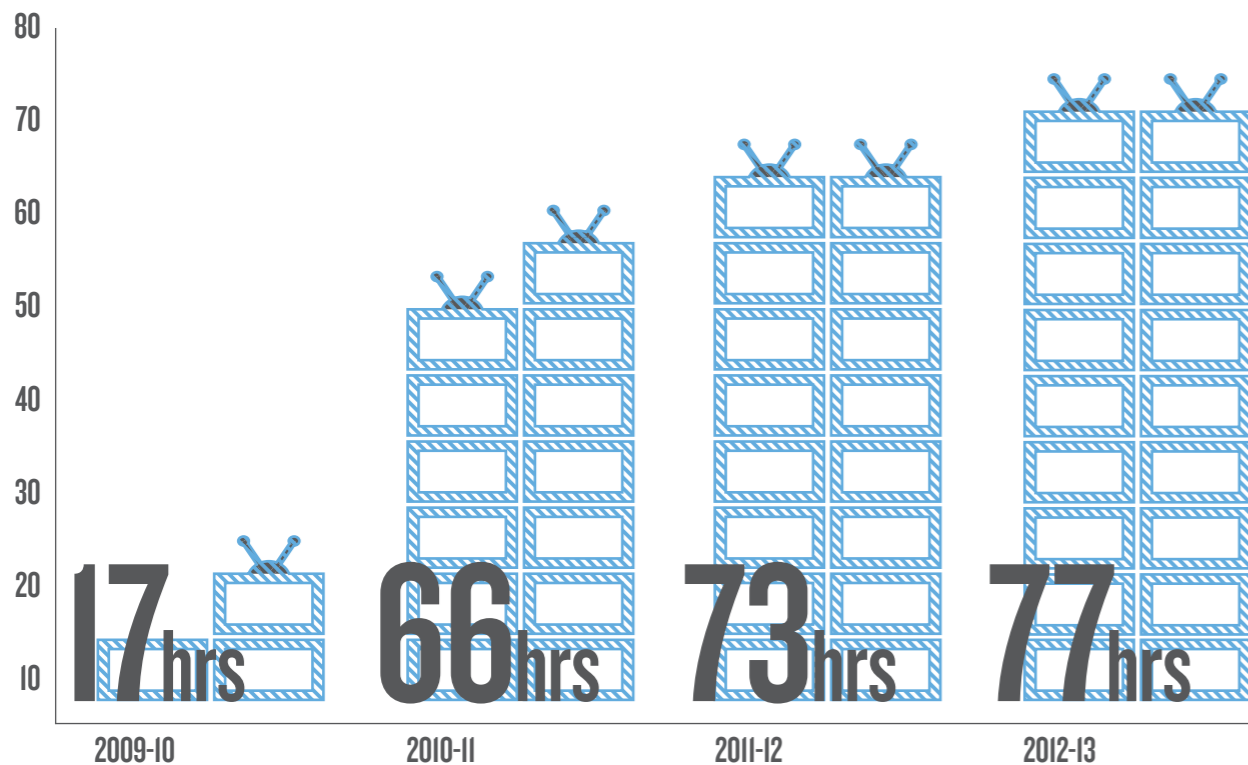


Clean sheets for Joe Hart, who was awarded the Premier League's Golden Gloves for the third season running

MEDIA INTEREST IN MANCHESTER CITY

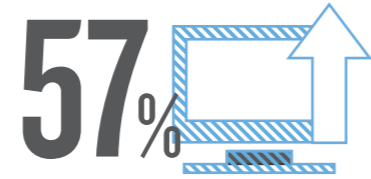
- Manchester City's home UEFA Champions League game against Real Madrid attracted the greatest global media interest of the season for the Club. 16 live commentary teams were present at the Etihad Stadium, along with around 200 journalists and photographers, and a further 200 crew to provide the pictures that were transmitted around the world.
- The first team's success in recent years has driven greater TV coverage and viewing of games involving Manchester City in the UK and around the world. The total number of hours of global broadcast coverage of games involving the Club across all competitions rose by 5% year-on-year, and has more than quadrupled since 2009-10.

Total hours of TV coverage of games featuring Manchester City overseas (thousands)



Source: Repucom

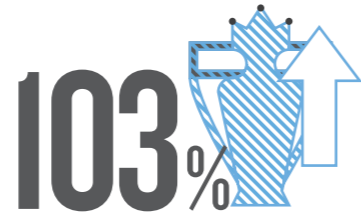
City on TV: changes since 2008-09



Increase in number of live games featuring Manchester City shown on UK TV across all competitions



Increase in global TV audience for live Premier League games featuring Manchester City

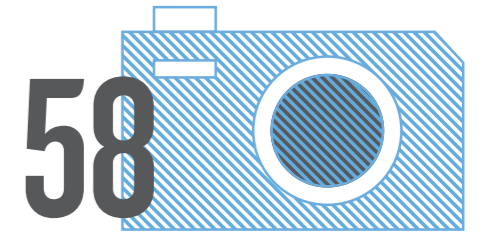


Increase in UK TV audience for live Premier League games featuring Manchester City

CASE STUDY: MANCHESTER CITY HOME GAME AGAINST REAL MADRID

16 Live Commentary Teams

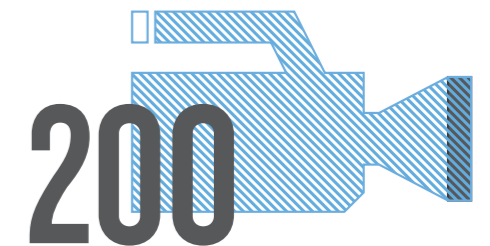
- Al Jazeera (Arabic)
- ERT international
- CANAL+
- ČESKÁ TELEVIZE
- RTÉ
- belgacom
- NOS
- sky Deutschland
- beIN SPORT
- sky Deutschland
- tve2
- sky Italia
- FOX SPORTS
- VIASAT Norway
- VIASAT Denmark



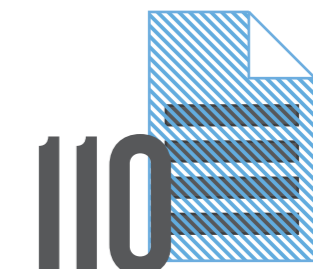
Photographers



Radio journalists



Crew from Sky



Print journalists

A WORLD-CLASS SQUAD FOR 2012-13

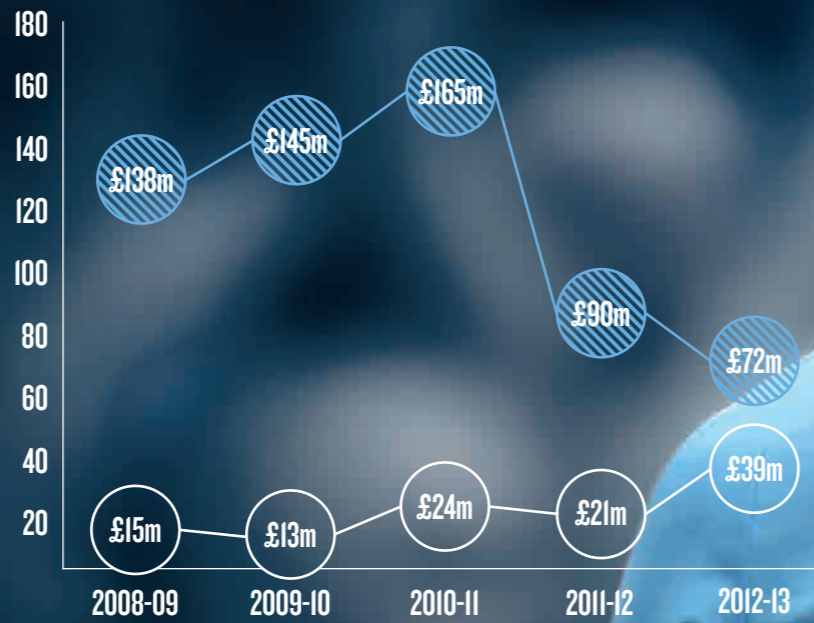


STABILISATION OF SQUAD

• Stabilisation of the first team continued in 2012-13, with the squad size falling for the second successive season, while net transfer payments were lower than at any time since 2008-9. The Club added six players to its first team squad (Matija Nastasic, Maicon, Richard Wright, Javier Garcia, Jack Rodwell, Scott Sinclair). Six players were sold (Emmanuel Adebayor, Mario Balotelli, Nigel De Jong, Stefan Savic, Vladimir Weiss, Greg Cunningham), and a further three were released (Michael Johnson, Owen Hargreaves and Stuart Taylor).

Expenditure on new players was at the lowest level since 2008-9 and proceeds from the sale of players at the highest level over this period

First Team Player Transfer Activity
£Millions



● Transfer Fees Paid
○ Transfer Fees Received

Source: Manchester City

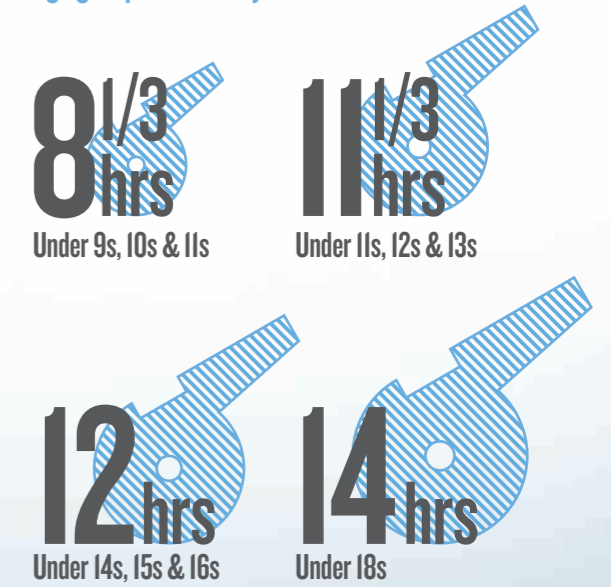


A HOLISTIC APPROACH

- Manchester City considers a holistic approach vital to the development of players, coaches and teams at all levels.
- Our Elite Development Squad (EDS) remains the key stepping-stone from our Academy to the first team, and this season two players from our development system (Jérémy Hélan and Marcos Lopes) made their competitive first team debuts. Ten academy players graduated to the EDS in 2012-13, up from six players the season before.
- In May 2013 it was announced that Patrick Vieira would be heading the EDS in 2013-14. We expect this appointment to inspire our most promising players and help bring out their best at a critical time in their careers.
- The sale of a number of Academy graduates (Greg Cunningham, Vladimir Weiss, Ryan McGivern) also generated additional revenue for the Club during 2012-13 while enabling some talented young players to accelerate the development of their careers.
- In August 2012, the Club formally welcomed Manchester City Ladies Football Club (MCLFC) – with whom we had an existing relationship – as a full subsidiary of the wider organisation. MCLFC has also been admitted to the top tier of the expanded FA Women’s Super League that will commence in 2014 and be broadcast on BT Sport.

The Academy provided almost 2,000 player hours of coaching per week in 2012-13 – 22% more than in the previous season

Weekly coaching hours for each age group in Academy



Source: Manchester City



ROLL-OUT OF ACADEMY DEVELOPMENT PLAN

- The Club has continued the roll-out of its Academy Development Plan, boosted by our recognition as a Category One Academy under the Premier League's Elite Player Performance Plan (EPPP) in August 2012. Investment in our Academy in recent years is already producing impressive results: both our U13 and U14 sides won national championships in their Premier League Tournaments during 2012-13, while the U12s were unbeaten throughout the season.
- Manchester City's partnership with St. Bede's College was expanded in 2012-13 to cover the U15s as well as the U14s. As a result, the number of Academy scholars attending St. Bede's increased by 117%, from 18 to 39.
- We remain focused on providing a developmental pathway for coaches with our U16s coach becoming an Assistant Coach with our U21s, and our U13s coach taking over the U18s.
- In September 2012, the Club announced the appointment of a contractor for the construction of the City Football Academy (CFA). Due to come on line in advance of the 2014-15 season, the CFA is expected to transform the Club's youth development capabilities, make the Etihad Campus an even more attractive destination for the world's most promising players and coaches, and bring all of the Club's operations onto a single site.

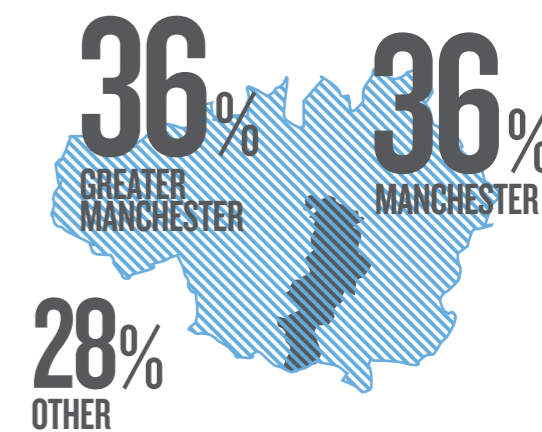


180 players in the Academy across all years – a 30% increase over the last two seasons



72% of players in MCFC's Football Academy are drawn from the local area

Geographical split of Academy players in 2012-13 season



Source: Manchester City

02. FANS

OVERVIEW

The Club's historic Barclays Premier League triumph in 2011-12 helped generate significant demand for memberships in 2012-13 with our capped allocation of 36,500 Seasoncards sold out. Furthermore, attendance figures remained strong with 18 out of 19 Premier League home games sold out, ensuring a vibrant atmosphere inside the Etihad Stadium throughout the season. The Club's attendance record for the year was 47,386 for our match against Everton and a new record was set for match receipts and hospitality revenue generated during a single game.

Despite increased demand for tickets and memberships, the Club has maintained its commitment to affordable pricing for its supporters and still offers an adult season ticket at the competitive price of £275 – the second cheapest season ticket product in the Premier League. At the same time, we have greatly improved aspects of the match day offering, installing free WiFi in the Etihad Stadium (due to be operational in January 2014), creating new hospitality spaces and establishing a groundbreaking catering partnership with chef Jamie Oliver in advance of the 2013-14 season. The opening of the Metrolink in February 2013 has also made transport to and from the Etihad Campus far more efficient for our supporters.

The Club has continued to produce and distribute high-quality online, video and social media content. During 2012-13, the Club's English-language website attracted more than 32 million visits, while visits to our Arabic website rose by 28%. Over the year, we saw a shift from PCs to mobile devices, and from Manchester City's own website to the Club's presence on social networks. Our new mobile site generated 6 million visits, while the official Manchester City YouTube channel attracted 60 million video views (an increase of more than 100% on the previous year), helped along by the squad's Harlem Shake that was viewed a record 8.5 million times. The Club's Facebook "Likes" rose by 89%, and Twitter followers increased by 179%.

Manchester City's official channels on digital and social media platforms generate significant traffic from overseas. Also consistent with our ambition to accelerate growth in the Manchester City fan base around the world, there were almost 15,000 members of our SkyBlue programme for City supporters in the UAE by the end of the season while our Abu Dhabi School of Football had doubled in size during the year.

MEMBERSHIPS AND TICKETS

- On the back of our historic Premiership victory in 2011-12, the Club sold out its full allocation (36,500) of Seasoncards for 2012-13. These included a range of options tailored to the preferences of individual supporters and a new youth membership, named CityKicks, launched in August 2012. The Club has also sold out its expanded allocation of Seasoncards for the 2013-14 season.
- There was also a significant increase in take-up of the SkyBlue programme for City supporters in the UAE, created in partnership with Etihad Airways. Total membership stood at just under 15,000 by the end of the 2012-13 season, an increase of more than 50% on the year before. Outdoor Fanzone events launched in 2012-13 proved very popular events for the SkyBlue members.
- There has been significant uptake in the purchasing of tickets online during 2012-13. In addition, through a new partnership with Viagogo announced in August 2012 (that includes an annual £25,000 donation to a charity chosen by City in the Community), our Superbia and Platinum members are now able to exchange their tickets for matches they are unable to attend.
- Attendance was strong during 2012-13 with 18 out of 19 home league games and all of our home FA Cup games sold out. The stadium had an average 99% occupancy rate for Barclays Premier League games during the 2012-13 season with the vast majority of tickets for home Premier League games selling out within days of sale. The highest attendance for the season was 47,386 for our match against Everton in December 2012. Hospitality and premium seating was popular this year with the Club needing to use off-site locations to meet surplus demand on bigger match days.

Manchester City offered the second-cheapest adult season ticket in the Premier League

MCFC MEMBERSHIP 2012-13



4 hours

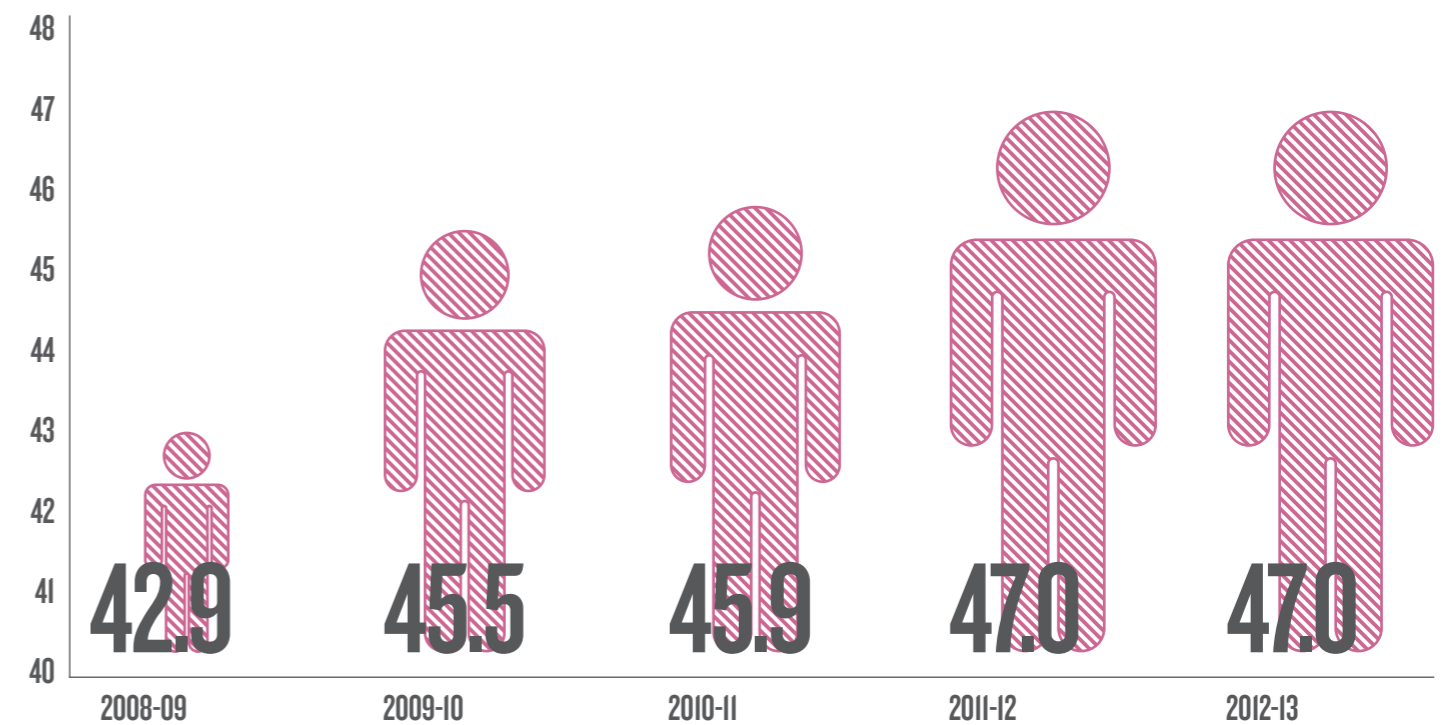
Time taken for new 2012-13 Seasoncards to sell out on the opening day of sale

Cheapest and most expensive season ticket prices in 2012-13 season



Source: BBC Sport (Price of Football Survey 2012)

Average league attendance at Etihad stadium (thousands)



Sources: Manchester City

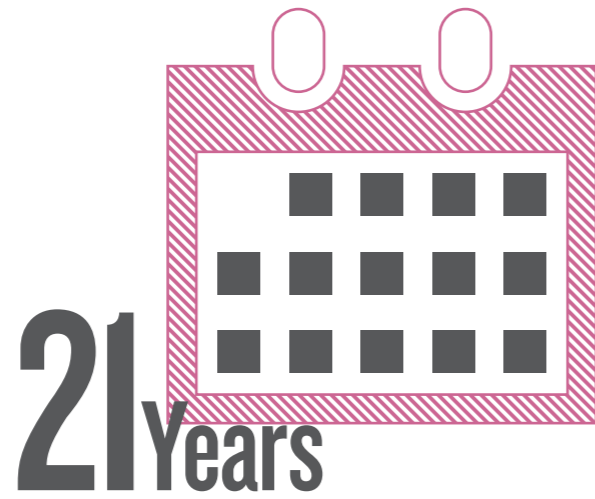
MATCH DAY EXPERIENCE

- In October 2012, Manchester City received the Best Fan Innovation award from Visit Football for City Square and the Family Stand, which the judges described as a “benchmark for football clubs”. Regular City Square visitors spent on average 26 minutes in City Square to enjoy the pre-match entertainment before entering the stadium on match days during 2012-13, up from 21 minutes in the 2011-12 season. The Club made another innovation this year through the introduction of its Playmakers who were appointed to welcome, assist and entertain visitors to the Etihad Stadium.
- During 2012-13, the Club replaced the former Boardroom suite with the Connell Club (which has now evolved into the Chairman’s Club for the 2013-14 season), refurbished the Mancunian Suite, created three new experiential boxes in partnership with Richard Mille, EA Sports and Etihad Airways, renovated the press desks in the Etihad Stadium, and greatly expanded our stadium tour offerings.
- The opening of the new Metrolink in February 2013 has significantly improved access to and egress from the Etihad Campus, with capacity to carry 3,000 passengers per hour post match. To help build the match day atmosphere, the trams feature the voices of Manchester City players making on-board announcements to and from the Stadium.
- In May 2013 the Club announced an agreement with O2 for the installation of a high-density WiFi network for the Etihad Stadium – the first of its kind in the Barclays Premier League – and the introduction of new technology to improve mobile phone connectivity on match days. In addition to keeping fans connected, the WiFi network will enable the Club to deliver innovative content and services to its supporters, beginning with live video and event information through StadiumVision Mobile.
- The Club has also installed more than 350 new digital display boards supplied by LG throughout the Etihad Stadium that will improve the ways in which we can deliver information to our guests.

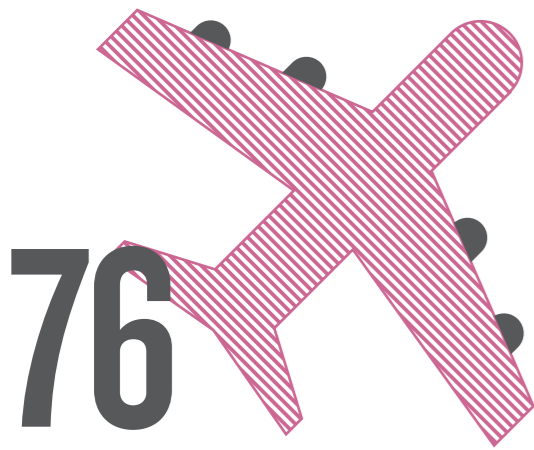
Average attendances of over 42,000 for cup games, up 7% on the previous season



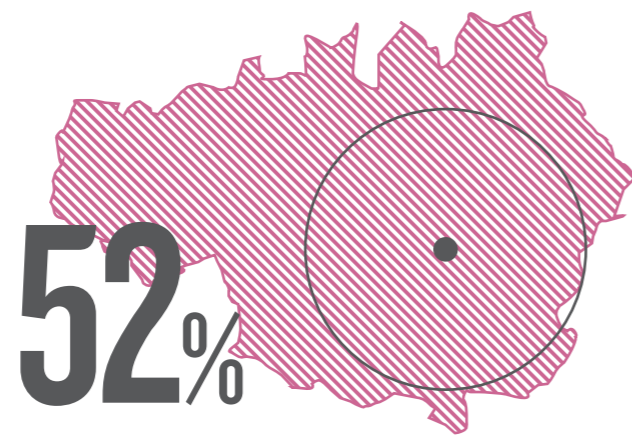
Number of unique fans attending a home match at the Etihad Stadium across the season



Average time a City supporter has been a fan, the second longest period in the Premier League



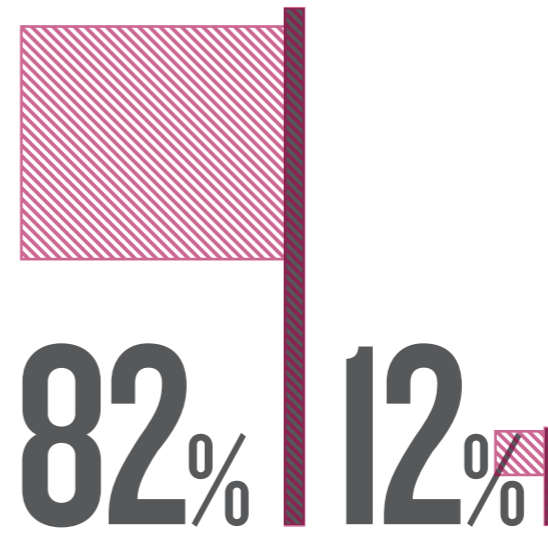
Countries from which people came to games at the Etihad Stadium



Proportion of MCFC fans who went to a home game that live within 10 miles of the Etihad Stadium

82% of MCFC match attenders are aware of the Fan Zone and have visited it at least once

Proportion of match attenders who have visited their Club's fan zone

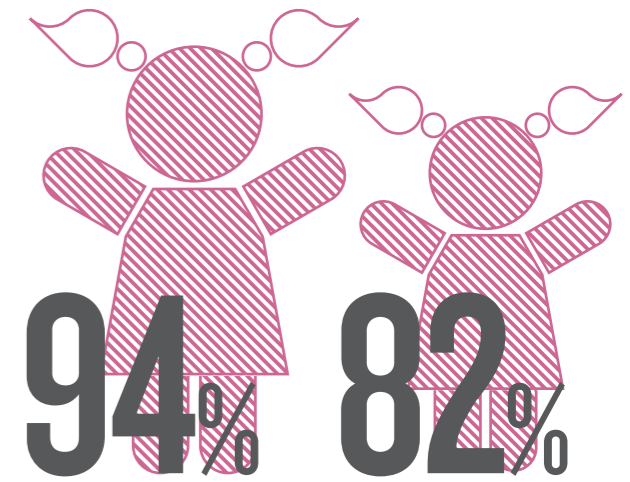


Manchester City fans Average for fans of all Premier League clubs

Source: Premier League Match Attender Survey 2012-13

94% of MCFC match attenders believe the Club makes an effort to create a child-friendly environment

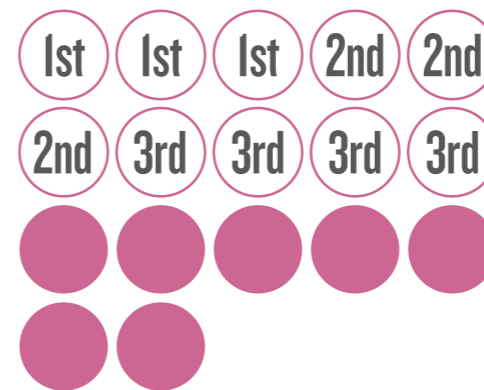
Proportion of fans responding to Premier League survey who agreed with the following statement about the Club that they support: 'My Club makes an effort to make the ground a child-friendly environment'



Manchester City Fans Average for fans of all Premier League clubs

Source: Premier League Match Attender Survey 2012-13

MCFC was rated in the top three for 10 out of 17 statements on the live Matchday experience surveyed by the Premier League in its latest national fan survey



Number 1's were



How welcome you are made to feel when you arrive at the ground
Facilities for fans to bring children
Cleanliness

Source: Premier League Match Attender Survey 2012-13

A PASSIONATE AND LOYAL FAN BASE

- Manchester City's recent success is a well-deserved reward for some of the most passionate and loyal supporters in the Premier League. According to the Premier League's Match Attender Survey for 2012-13, the average City supporter has been a fan of the Club for 20.9 years (joint second in the Premier League) while, according to the Club's own data, our season ticket holders have been members for an average of seven years. In 2012-13, 46% of our members had been season ticket holders for the entire ten years that the Club has been at the Etihad (formerly City of Manchester) Stadium.
- Support for City is growing. According to the Premier League's Football Nation Survey for 2012-13, support for Manchester City has doubled in the two seasons since 2010-11. Today, 4% of UK football fans support Manchester City and the Club is the 7th most supported in the Premier League. Local supporters continue to form the heart of Manchester City's fan base: more than half of all City fans who went to a home game in the 2012-13 season live within 10 miles of the Etihad Stadium. The Club's global appeal has grown too. According to Manchester City's ticketing data, people from 76 different countries attended matches at the Etihad Stadium in 2012-13.
- According to the Premier League's Match Attender Survey for 2012-13, 97% of City supporters feel positive towards the Club (8% above the Premier League average) and 97% agree the Club is being well run (12% above the Premier League average).

97% of MCFC fans feel positive towards the Club

Proportion of fans responding to Premier League survey who said they feel positive towards their Club



Manchester City Fans



Average fans of all Premier League clubs

Source: Premier League Match Attender Survey 2012-13



Almost half of Seasoncard holders in 2012-13 have been members for the 10 years since the Club moved to the Etihad Stadium







DIGITAL AND SOCIAL MEDIA

- Manchester City has continued to harness the potential of digital and social media to remain connected with its growing community of supporters in Manchester, the UK and around the world.
- The Club is highly responsive to changes in consumer behaviour as it seeks to interact with audiences across different platforms. Key innovations in 2012-13 included optimising the Club's website for mobile devices, the launching of new smartphone apps tailored to the needs of our supporters, and an expansion of the Club's social media presence.
- During 2012-13, the new mobile version of Manchester City's website attracted over 6 million visits.
- Our dedicated YouTube channel enjoyed particularly strong growth. Total video views more than doubled in 2012-13, with more than 60 million views in total. The number of subscribers to the channel almost quadrupled over the course of the year. The most popular video, the Club's version of the Harlem Shake, was viewed 8.5 million times.
- The number of "Likes" on the Club's Facebook page almost doubled – with more than 2.5 million new "Likes" over the course of the season – while the number of followers of its Twitter account increased by almost 180%, thanks to more than half a million new followers in 2012-13.
- In an initiative run by Twitter in January 2013, Manchester City topped the #TwitterLeagueTable, which ranked Premier League clubs on the basis of the number of followers they and their players have, how engaged supporters are with the club's tweets, and the extent to which they use team hashtags.
- In February 2013, injured defender Micah Richards became the first Premier League player to live tweet during a match via the Club's official account.
- In April 2013, the Club celebrated its fifth year on Twitter by recalling its most popular tweets (based on retweets and favourites). Not surprisingly, at the top of the list was: "95. AGUERO SCORES AND WINS THE LEAGUE!!!!"
- Manchester City's #together campaign won Marketing Campaign of the Year at the Northwest Football Awards in November 2012.
- In February 2013, Manchester City became one of the first football clubs to begin creating and sharing video content through social media app Vine.

MCFC top of #TwitterLeagueTable

Top Premier League clubs on Twitter, based on followers for team and player accounts, use of official team hashtags and fans' interaction with content shared by the teams

| RANK | CLUB |
|------|---|
| 1 |  Manchester City |
| 2 |  Chelsea |
| 3 |  Tottenham Hotspur |
| 4 |  Liverpool |
| 5 |  Arsenal |

Source: Twitter

Top 5 videos on MCFC's YouTube channel

1. The Harlem Shake

8.5 million views



2. Mario Balotelli v City photographer

3.9 million views



3. Mario Balotelli mimics Joe Hart

3.3 million views



4. Brazilian football legend Falcao takes on City Academy lads

1.4 million views



5. Advent Calendar: Tevez teaches Balotelli

1.2 million views



Source: Google Analytics

Manchester City's official Club website was rated the second best of the Clubs competing in the 2012-13 UEFA Champions League

Best Club websites of UEFA Champions League teams based on criteria such as usability, design and quality

| RANK | CLUB | POINTS |
|------|---|--------|
| 1 |  Barcelona | 93 |
| 2 |  Manchester City | 92 |
| 3 |  Benfica | 91 |
| 4 |  Dinamo Kyiv | 91 |
| 5 |  Paris St Germain | 90 |

City continue to be pioneers in the social video space. After being the first club to run a Google+ Hangout with fans, we've continued to see City embrace Google+. Sharing regular updates and match photos with fans has helped grow their followers to nearly 2 million.

Richard Keelty,
Google+ Sports Marketing

Source: Departamento de Internet



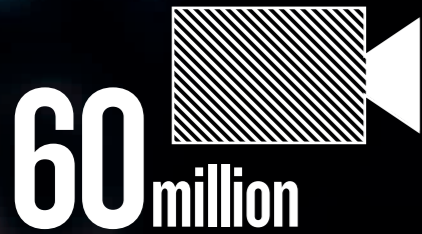
Of visits to the Club's website from overseas



Page views on the Club's website



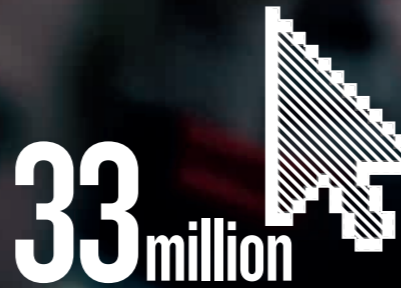
Facebook "Likes" by the end of May 2013



Video views on the MCFC YouTube channel



Twitter followers by the end of May 2013



Visits to the Club's website

The proportion of MCFC fans that use their official Club website at least 2 or 3 times per week is greater than that for any other Premier League team

INTERNATIONAL OUTREACH

- Alongside global coverage of Premier League and European matches, digital and social media play an important role in helping Manchester City reach its fans overseas. Overseas fans account for large proportions of activity on the Club's official presence on YouTube and Facebook, while visits to Manchester City's Arabic-language website rose by 28%, to over 600,000.
- In China, Manchester City has more followers than any other European club on the two main micro-blogging sites, Sina and Tencent.

MCFC's YouTube channel registered more video views over the 2012-13 season than any other football club
Football clubs on YouTube with the highest levels of viewing to their official channels

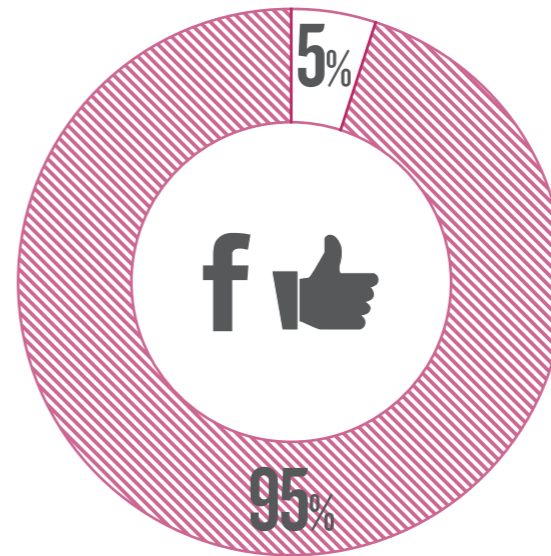
| RANK | CLUB | TOTAL VIEWS DURING SEASON |
|------|--|---------------------------|
| 1 |  Manchester City | 51.2m |
| 2 |  Barcelona | 50.5m |
| 3 |  Santos | 30.7m |
| 4 |  Real Madrid | 24.8m |
| 5 |  Juventus | 19.6m |

Source: YouTube data API (15 August 2012-31 May 2013)

Visits to Arabic language website up by 28%



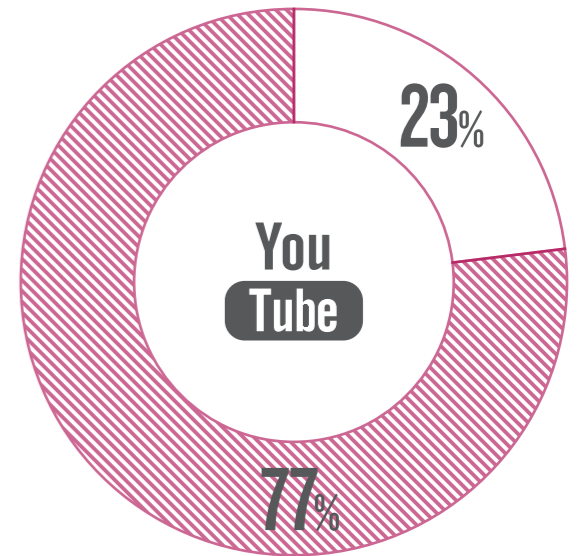
Facebook "likes" by end of 2012-13 season



International UK

Source: Facebook

YouTube views for MCFC channel, 2012-13



International UK

Source: Google Analytics

MCFC has more followers than any other European football club on the two main micro-blogging sites in China

European football clubs with the most followers on Sina Weibo and Tencent Weibo

| RANK | CLUB | FOLLOWERS |
|------|---|-----------|
| 1 |  Manchester City | 4.4m |
| 2 |  Real Madrid | 2.1m |
| 3 |  Chelsea | 2.1m |
| 4 |  Barcelona | 2m |
| 5 |  AC Milan | 1.1m |

Source: Mailman Group

MCFC Sina Weibo is a classic model for football clubs. Manchester City has the biggest Sina fan base globally in football, with far more followers than any other club. Chinese fans particularly welcome the live commentaries and news feeds, which include translations from other foreign language websites. Wenjuan Ho, Weibo Development Manager, Sina Sports Channel

03. COMMUNITY

OVERVIEW

During 2012-13, the Club's landmark City in the Community programme engaged with more than 250,000 people for the first time, harnessed the goodwill of more than 100 generous volunteers and raised £1.3m in charitable donations.

City in the Community has continued to deliver programmes across the four pillars of Football and Multisport, Enterprise, Cohesion and Health and Activity, with football increasingly at the heart of its activities. This year, the Club has brought all of its community initiatives under the umbrella of the City in the Community Foundation in order to better integrate its activities with the Club's broader operations and support functions.

We are committed to being a good neighbour. The Club is conducting a public consultation on the potential expansion of the Etihad Stadium – to a capacity of around 54,000 in the first instance and potentially up to around 60,000 – and is actively seeking the views of the local community on this proposal. We are also committed to ensuring that the ongoing construction of the City Football Academy (CFA) has a minimal impact on local residents while delivering benefits to the local economy.

Manchester City has monitored its environmental and ethical performance since 2006. The Club continues to purchase 100% renewable energy, ensures that none of its waste goes to landfill, and is one of the few companies to ensure all customer travel and event-related operations are incorporated into the measurement of its carbon footprint.

Finally, as Manchester City has continued to expand its international presence, it has made long-term philanthropic contributions to a number of communities around the world. In October 2012, Manchester City, in partnership with City Soccer in the Community and the UAE Embassy in Washington, helped to deliver a football pitch in Chicago. This is the fourth project of its kind and follows the successful launch of soccer fields and coaching programmes in New York, East LA and Miami. The Club has also continued to deepen its collaboration with SOS Villages through a new three-year partnership in China.

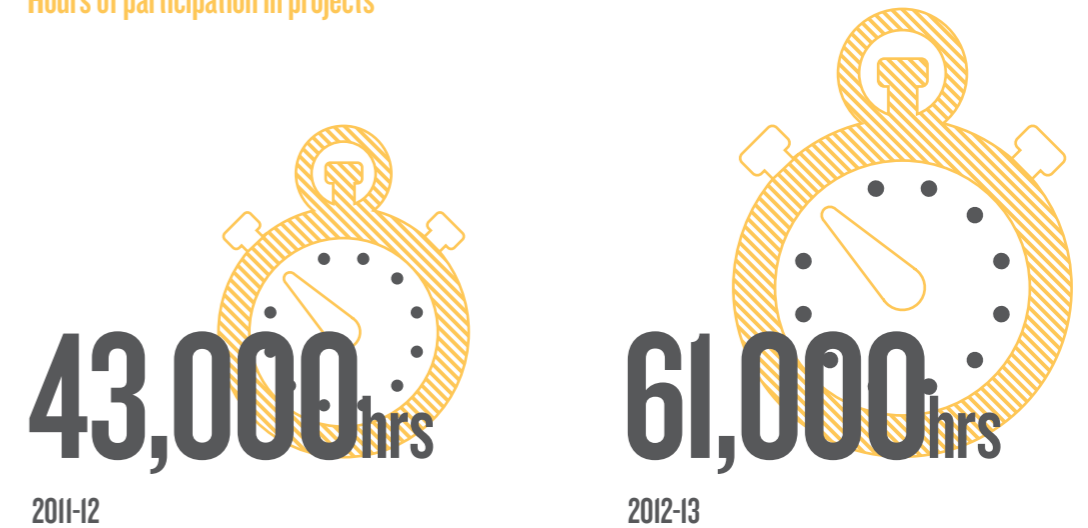
CITY IN THE COMMUNITY

- In its 26th year in 2012-13, the City in the Community (CITC) programme impacted more than 250,000 people through programmes delivered across its four pillars of Football and Multisport, Enterprise, Cohesion and Health and Activity.
- Following a comprehensive benchmarking process that included consultation with the Premier League, this year the Club brought all of its community initiatives under the umbrella of the City in the Community Foundation.
- Consistent with its increasingly holistic approach to operations, the Club has sought to more closely integrate its community activities with its broader operations, including increased collaboration between the CITC Foundation and the Club's commercial partnerships, marketing and digital communications teams. For example, during the Club's "CITC Celebration Week" in March 2013, CITC released a new video each day to showcase success stories from its community programmes via the Club's website and social media channels, generating more than 18,000 views.
- During 2012-13, the City in the Community Foundation raised £1.3 million for its community initiatives, while benefiting from the skills and energy of more than 100 generous volunteers. These contributions enabled City in the Community to deliver more than 60,000 hours of community work during the year.
- City in the Community has also strengthened its events capabilities during 2012-13, helping to deliver the annual Santa Stroll (involving 1,000 people) and the 24-hour Velocity cycling event at the National Cycling Centre in Manchester that raised £45,000.
- In May 2013, eight teams – including sponsored teams from Heineken, Virgin Media, Optimum Procurement and the MCFC Official Supporters Club – took part in the inaugural CITC Etihad Tournament to raise money for CITC.
- Celebrating the success of the Paralympics, in September 2012 CITC helped deliver a variety of sports activities for 60 young people with disabilities at the BBC's Media City in Salford.
- After delivering disability football programmes for more than ten years, City in the Community has now created a dedicated team for participants with hearing impairments that has been entered in the Greater Manchester Ability Counts Open Age League.
- At the Northwest Football Awards in October 2012 Manchester City's "One City Disability Sports" project was shortlisted for Project of the Year and City in the Community was shortlisted for Community Scheme of the Year.



43% year-on-year rise in participation

Hours of participation in projects



Source: Manchester City

More than 250,000 contacts across all activities

City in the Community: breakdown of participation by kind of activity in 2012-13 (percentage of hours of total activity)



Source: Manchester City

CITC has delivered a programme to more than 90% of primary schools in Manchester over the course of the year



INTERNATIONAL COMMUNITY OUTREACH

- Manchester City has made important contributions to communities outside Manchester and the UK.
- In October 2012, City Soccer in the Community opened a new soccer field in Chicago, serving 900 members of the Haas Park community centre. During 2012-13 the Club has contributed coaching programmes to football pitches in New York, Chicago, Miami and Los Angeles and established a new three-year partnership with SOS Villages to assist disadvantaged children in China.
- In addition, CITC representatives have been involved in the delivery of 'Premier Skills' – a joint programme of the Premier League and the British Council – that has included the provision of coaching education and activities in Mexico, India and the Sudan.

The four City Soccer in the Community fields in the US serve more than 5,000 kids each week



SOCIAL, CULTURAL AND ECONOMIC CONTRIBUTION TO EAST MANCHESTER

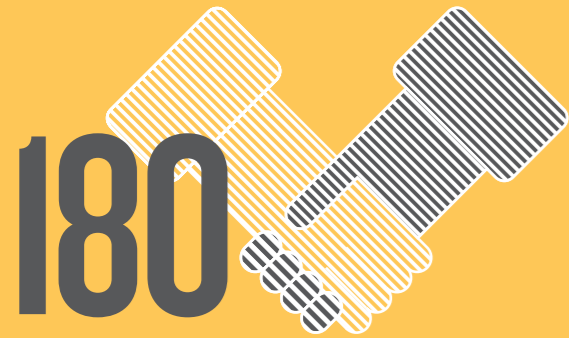
- Manchester City has continued to make important social, cultural and economic contributions to the East Manchester community to which it belongs during 2012-13.
- The CFA project has already added around 500 new construction jobs to the local economy (with more than half of those employed being from Greater Manchester), and this is expected to grow to around 650 by Summer 2014.
- 180 people were employed over the course of the remediation of the City Football Academy site, including 82 from the local community. 32 of those employed were previously long term unemployed, more than half of which were from north and east Manchester. The remediation phase of the project maintained a local procurement rate of 68%.
- The Club is also committed to minimising the impacts on the local community now that construction has commenced on the CFA and hosts monthly meetings with local residents and businesses at the Etihad Stadium to hear any concerns or suggestions they may have.
- The Club has commenced a public consultation on the potential expansion of the seating capacity of the Etihad Stadium. The Club is seeking the views of fans, local residents and other stakeholders via an exhibition at the Etihad Stadium where people can complete a short questionnaire on the proposal. Individuals can also review the information and submit their feedback online.
- Manchester City has continued to expand the role of the Etihad Stadium and Campus as a local hub for entertainment and events through initiatives such as the Christmas markets, the annual Santa Stroll and the hosting of concerts and non-football events at the Stadium. This effort has been enhanced by the completion of the Metrolink in February 2013. In the last year, it has been confirmed that the Etihad Stadium will be the site of three One Direction concerts in 2014, as well as the Rugby League Magic Weekend for the third year in succession, and one match of the Rugby World Cup in 2015 (the only England match that will not be played at Twickenham).

Local firms represented more than two-thirds of all subcontracted work, ranging from plant hire to specialised remediation, security and site set-up

- Construction has been commenced by Manchester City Council on a 16-acre site in Beswick, East Manchester. The Club's donation of 5.5 acres of remediated land on which the New Connell Sixth Form College will be located and its contribution to the creation of leisure facilities for local residents are fundamental to the continuing development of the area, bringing with it further opportunities for local employment, upskilling and procurement.



COMPLETION OF REMEDIATION PROCESS



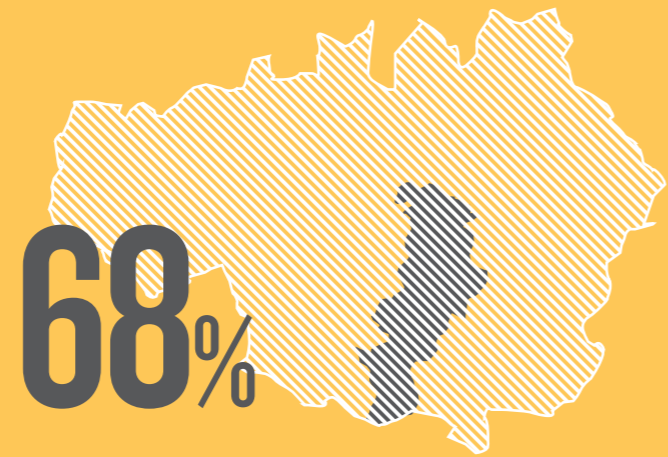
People employed during remediation process



Of people employed during remediation process from the local community



Employees were from the long-term unemployment register



Of all sub-contracted work was allocated to local firms

INITIAL STAGE OF CFA CONSTRUCTION



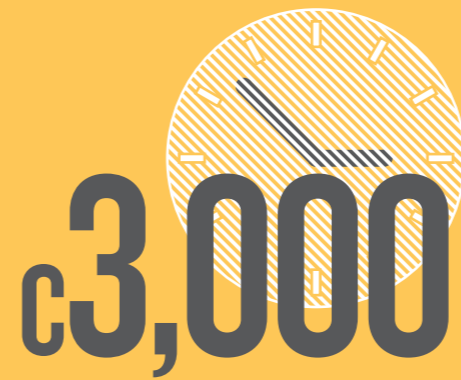
Of workforce from Greater Manchester



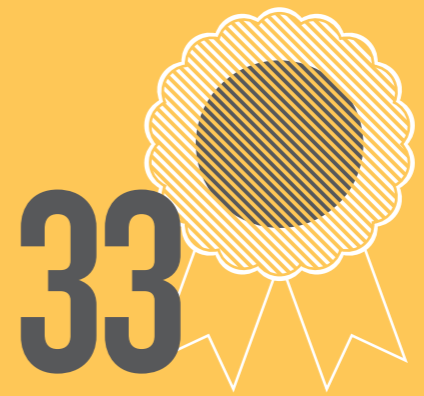
People on site were previously unemployed



Work experience placements



Hours of onsite training for the workforce



Trainees working towards qualifications



Contracts awarded to local companies



People employed onsite

MCFC has set ambitious employment, procurement, community and environmental targets for the construction of the CFA

RESPONSIBLE CORPORATE CITIZENSHIP

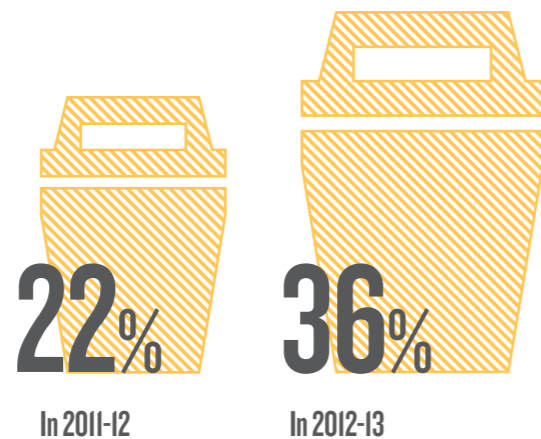
- Consistent with its commitment to responsible corporate citizenship, Manchester City has thoroughly measured its environmental and ethical performance since 2006.
- Energy use is one of the largest contributors to the Club's environmental impact. In the 2012 calendar year, the Club's overall energy use increased due to higher attendance, a cold winter and the added impact of hosting UEFA Champions League matches at the Etihad Stadium. However, the Club was able to reduce its water consumption.
- The Club has significantly improved its waste disposal over the past seven years, now ensuring that none of its waste goes to landfill. All waste is closely monitored to ensure that reuse and recycling are maximised and that, when waste disposal is required, it is done responsibly. The introduction of food waste segregation helped Manchester City increase the proportion of waste that is recycled to 36% in 2012-13, up from 22% the year before.
- In 2012-13, the Club became one of the few companies to incorporate all of its vehicle use, transport, customer travel and event-related operations (such as broadcast and event set-up) into the measurement of its carbon footprint. The Club believes this provides it with a more honest assessment of its carbon impact that will help it to identify the best ways to minimise and offset it.
- As part of the CFA project, the Club has prepared 2,000 new, mature trees that are expected to be brought on to the site in 2014. These new trees will make a significant contribution to biodiversity in the local environment and enhance the sustainability of the entire project.

MCFC's commitment to recycling and waste management

Zero landfill as part of policy to dispose of waste in a safe and environmentally-friendly fashion, with a focus on reuse, recycling and – where this is not possible – waste-heat reuse to recover energy



Proportion of waste that is recycled

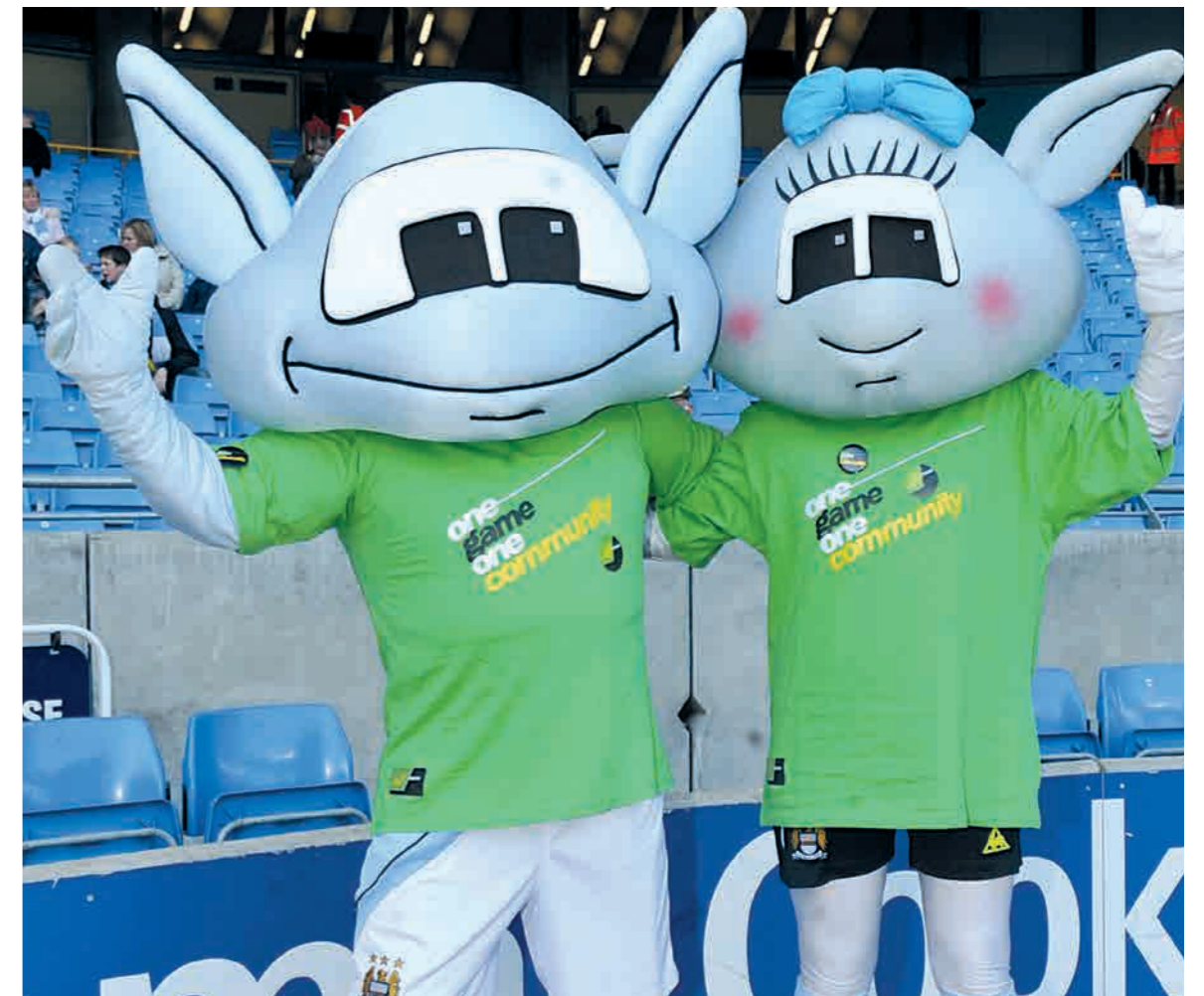


Source: Manchester City

72% year-on-year fall in MCFC's carbon footprint after offsetting in 2012-13

ANTI-DISCRIMINATION

- Manchester City promotes equality of opportunity, diversity and respect across all its activities. It is committed to making football a welcoming place for everyone – including those participating in the sport, people attending matches and those working or volunteering in the sport.
- We aim to provide a welcoming environment for all fans, regardless of their age, gender, race, religion or sexual orientation. The Club's Customer Charter and Ground Regulations expressly forbid racial, homophobic or discriminatory abuse, chanting or harassment – any of which may result in arrest or ejection from the ground.
- The Club has continued to participate in, and actively support, a range of high-profile initiatives and agreements aimed at promoting equality in football and in all sectors in which the organisation operates. This season, the Club has worked closely with the anti-discrimination organisation Kick It Out and supports the Show Racism the Red Card campaign. A signatory to the UK Government's Charter for Action Tackling Homophobia and Transphobia in Sport, Manchester City also continued its valued partnership with Football v Homophobia as well as providing support in event hosting and kit donation for the Gay Football Supporters Network (GFSN) and local Village Manchester FC team.



04. COMMERCIAL & OPERATIONS

OVERVIEW

Commercial revenue growth has been fundamental to Manchester City's drive for sustainable profitability. Cognisant of the opportunities for significant uplift in this area, the Club strengthened its commercial capabilities with the hiring of top level talent at all levels of the organisation. This followed the appointment as Chief Commercial and Operating Officer in May 2012 of Tom Glick, former CEO of Derby County FC.

The Club is now supported by an expanded multi-national commercial team. This capability has been strengthened by the targeted recruitment of a talented staff, capable of realising existing opportunities while harnessing those new opportunities created by the team's improved performances on the pitch. The approach has resulted in revenue growth from multiple streams in 2012-13.

Underpinning all areas of commercial activity is the commitment of the Club to enhancing existing relationships and offerings whilst also seeking to create new and meaningful connections. This ethos is applicable to all engagements locally, nationally and internationally.

The team, a large number of which is now working out of offices in London, enables the creation of additional commercial partnerships whilst delivering maximum value to our existing partners. It is from both hubs, Manchester and London, that we operate a more consultative style of engagement as we seek to listen and respond to our partner needs, maximising the benefits to both parties.

This approach has seen an increase this year not only in the value of sponsorship contracts, but also the nature of the contracts, with the Club forging regional deals for the first time, including Extra Joss and Est Cola in Indonesia and Thailand respectively.

The Club continues to provide its new and existing fans with some of the most affordable ticketing options in the Premier League and at the same time has modernised the stadium with cutting edge technology, improved catering and refurbishments in both general admission areas and premium hospitality suites.

As demand for seats grows, and with the stadium close to capacity for the second consecutive season for all Premier League games, we are conducting a public consultation on the possible expansion of the Etihad Stadium to a capacity of around 54,000 with the potential to rise to 60,000 in the future. Central to our expansion plans is our commitment to prices to suit all budgets with season tickets for the current season starting at £275 – the second cheapest in the Premier League.

Finally, our fan engagement continues to expand at home and overseas. We consult extensively with our local supporters to canvass their opinions and have also invested significantly in digital outreach for our fans overseas, including the development of ten new language websites ready for launch in the summer of 2013.

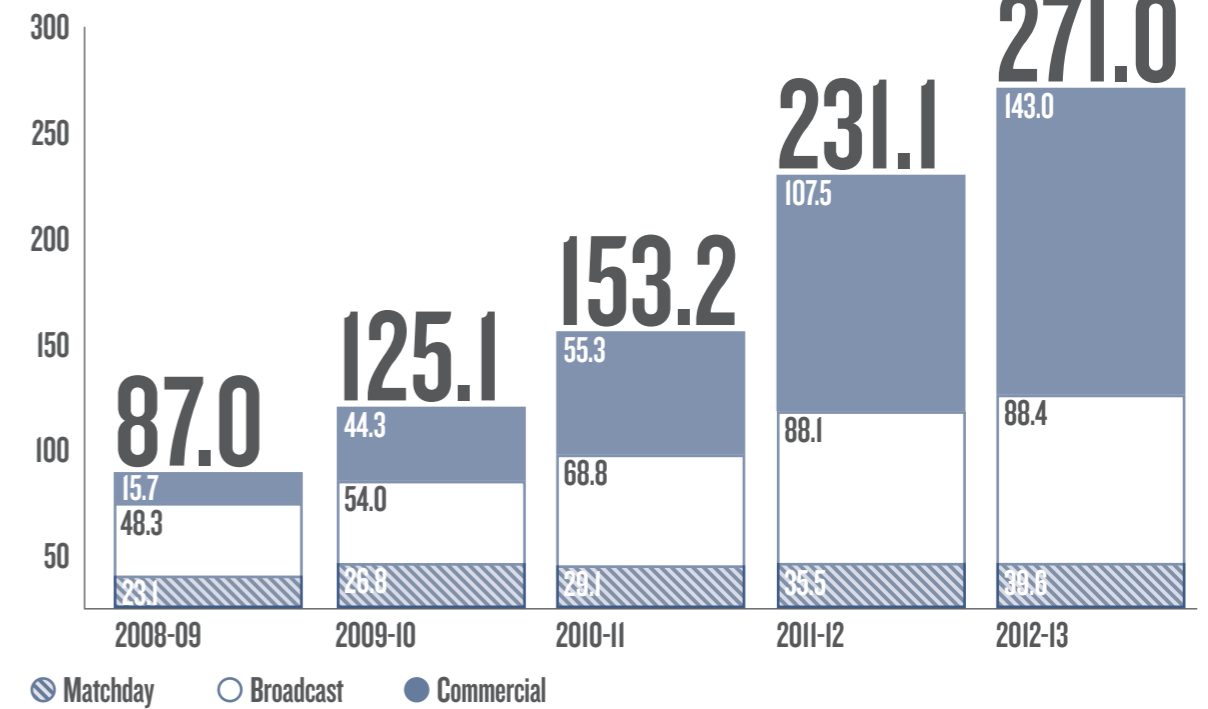
The announcement in May 2013 of the acquisition of the New York City FC MLS franchise presents the organisation with a unique opportunity for further engagement and expansion in a region of the world in which interest in football is growing at an unprecedented rate.

COMMERCIAL GROWTH AND EXPANSION

- The Club's recent on-field success, including the historic 2011-12 Barclays Premier League victory, has generated commercial benefits in the form of increased commercial revenue (up 33%) and match day revenue (up 11%) during 2012-13.
- The Club has also experienced increased demand from potential partners. Key existing partners have renewed their agreements with the Club while a range of new partners have been added. The new partnership agreements will focus on developing innovative content that benefits the Club's fans in Manchester and across the globe, whilst also helping to grow the City brand internationally. The growing interest from international brands has enabled the Club to develop region-specific deals for the first time.
- The Club is now supported by an expanded, experienced and multi-national commercial team working out of offices in London. This has included the appointment of account managers with specific industry experience relating to the partners with which they are working. The Club has also developed a new "Partner Promise" that seeks to ensure it works proactively and collaboratively to create value for its partners through a better understanding of their needs.
- In April 2013, the Club hosted a two-day Partner Forum to provide a detailed briefing on its current plans, understand partners' priorities and build deeper relationships.
- The Club unveiled its first kit through its new partnership with Nike in May 2013, and expects to benefit significantly from this relationship via increased sales and much wider international distribution.

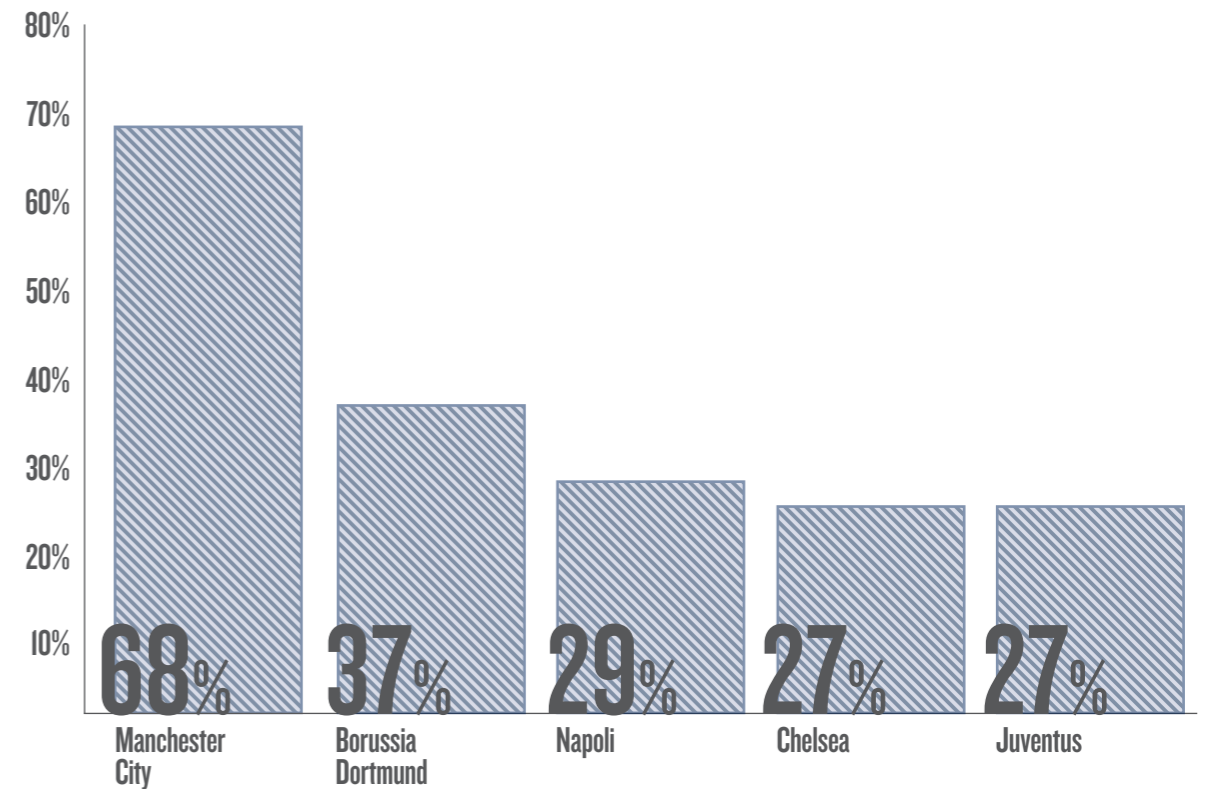


Growth in MCFC revenues
£millions



Source: Manchester City

Clubs in 2013 Deloitte Football Money League with fastest growing year-on-year revenues



Source: Deloitte Football Money League 2013

PARTNERSHIP CASE STUDIES

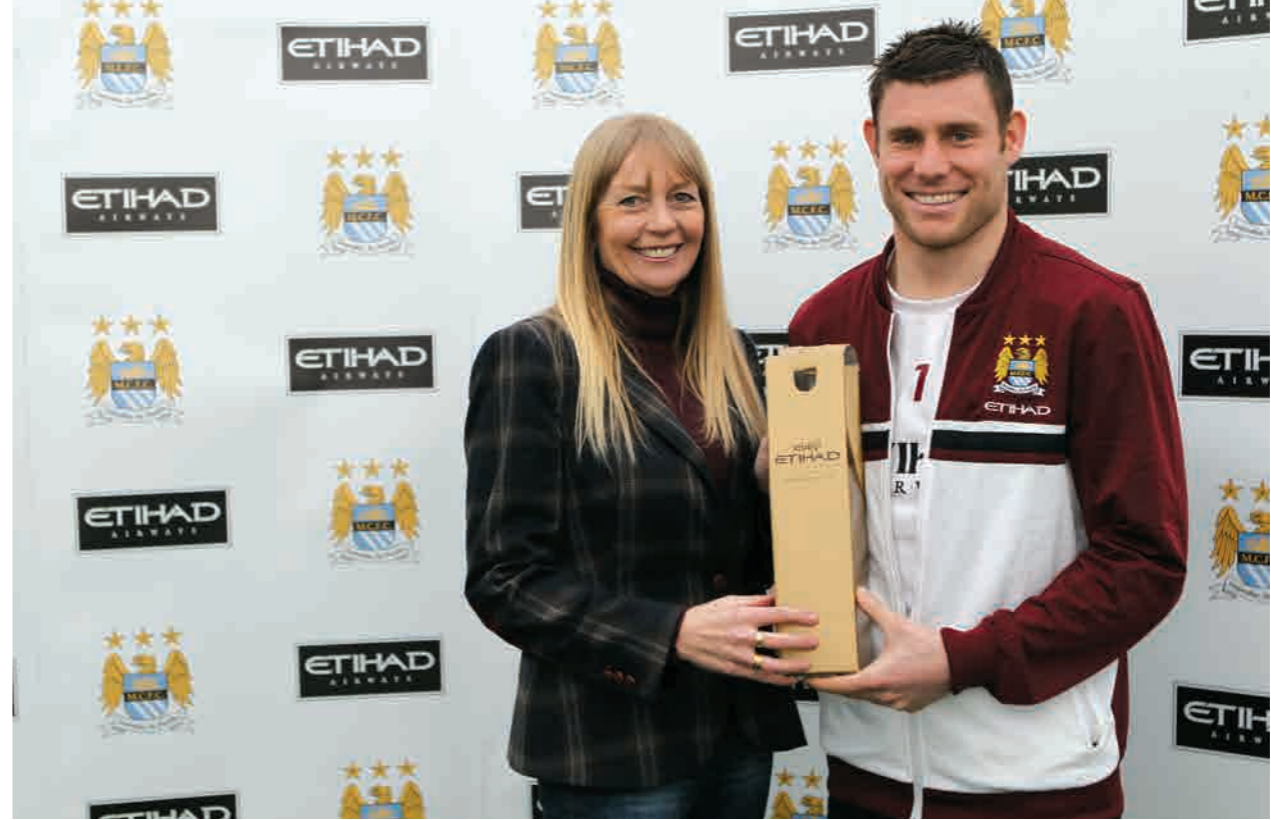
Etihad: Fly With The Best... Train With the Best

City fans, from around the world, booking a flight with Etihad during the five-month competition period were given the chance to visit the Etihad Stadium and train at City's training ground. The global campaign ran across all MCFC communication channels, from digital to pitch-side LED boards, and was also supported by Etihad channels in ten of their key markets. This season saw the highest number of entries ever for the annual competition, which also reached over 20 million global fans.



EA SPORTS: FIFA Online (Asia)

This month-long campaign asked fans to share their details on FIFA Online 2, in return for which they could win a trip to watch the City-United derby game, with Etihad flights and accommodation included. More than 500,000 data entries were captured from entrants in Asia alone.



Etihad Player of the Month

Each month of the season, Etihad gave global fans the chance to vote for their MCFC Etihad Player of The Month. Hosted on City's official website and social media platforms, over 17,000 supporters voted across the season. Each month one lucky fan, selected from all of those voting for that month's winning player, was invited to present the award in person at City's training ground. This was captured by City TV, with the presentation videos being viewed by over 30,000 fans around the world.



Nike 13-14 Home Kit Launch (New York)

Manchester City's home kit for the 2013-14 season was launched in New York during the post-season tour, with new partner Nike. The launch campaign, featuring the players against the iconic New York skyline and the tag line 'City Rising', was viewed by millions across MCFC, Nike and multiple other media channels. The image was also projected onto Manchester Town Hall. Initial forecasts from Nike for 2013-14 shirt sales suggest a large increase on previous seasons.

GLOBAL AMBITIONS

- Manchester City took a number of important steps this year to expand its international presence and accelerate the growth of its global fan base.
- The Club conducted both post- and pre-season tours in the Summer of 2013 to support its commercial objectives whilst primarily enabling the squad to prepare for the upcoming season. The combined tours featured nine matches on four continents, including stops in New York, St Louis, Durban, Johannesburg, Hong Kong, Munich and Helsinki.
- The popularity of the Abu Dhabi School of Football has grown rapidly in 2012-13 with the number of participants doubling, including players from more than 50 different countries. More than two out of three of the 2011-2012 players chose to keep on participating in the 2012-13 programmes.
- The SkyBlue programme, created in partnership with Etihad Airways specifically for City supporters in the UAE, boasted almost 15,000 members by the end of the season.
- In May 2013, a partnership was announced with the New York Yankees to establish a new Major League Soccer (MLS) franchise in New York City, to be known as New York City Football Club (NYCFC). The Director of Football for NYCFC, Claudio Reyna, has been mandated to begin the process of assembling a team that can take the field in the 2015 season.



Tickets for the Manchester City-Chelsea friendly at the Busch Stadium in St Louis sold out in 20 minutes. The game drew a record crowd of over 48,000



Participants from more than 50 countries attended the Abu Dhabi School of Football programmes in 2012-13



WORLD-CLASS FACILITIES AND OPERATIONS

- Manchester City has made consistent improvements to the Etihad Stadium to improve the match day experience and enhance the hospitality offering available throughout its facilities. The Club has also continued to make its facilities available for a range of non-football events to generate additional revenue and enhance the role of the Etihad Stadium as an entertainment hub in the heart of East Manchester.
- In May 2013 the Club announced an agreement with O2 for the installation of a high-density WiFi network for the Etihad Stadium and new technology to improve mobile phone connectivity on match days and at other events.
- This year the Club established the Connell Club, refurbished the Mancunian Suite, created three new experiential boxes, renovated the press desks at the Etihad Stadium and expanded the stadium tour offerings. Encouragingly, stadium tour attendance was at an all-time high during 2012-13.
- The Club's new catering partnership with Jamie Oliver's Fabulous Feasts and Legends Hospitality – through their partnership, Fabulous Fan Fayre – announced in July 2013 is expected to transform the dining experience at the Etihad Stadium.
- Through a partnership with LG, Manchester City is installing more than 350 new digital signboards in the Etihad Stadium that will enable the delivery of better and more up-to-date information to our guests and the introduction of innovative services such as dynamic pricing at concession outlets.
- The Club remains committed to achieving high standards at its off-site facilities too. A Premier League Academy Health & Safety Audit Review and Assessment conducted in March 2013 gave Manchester City a score of 97% on the standards in place at Platt Lane for the second consecutive year. In the most recent Food Hygiene audit in 2012-13, Manchester City achieved scores of 97% for Platt Lane and 89% for Carrington. In addition, the Club was given an A rating in a Food Hygiene audit conducted by Trafford Metropolitan Borough Council in February 2013.
- The Platt Lane complex, at which the Club operates a gym open to the local community, continues to grow in popularity. Income from the Platt Lane complex grew by 5.6% during 2012-13 while the number of users rose by 19.3%. The number of gym members grew by 43.5% with more than 65% living within one mile of the centre.
- During 2012-13, the Etihad Stadium hosted concerts by Bruce Springsteen, Coldplay, Muse, Bon Jovi and Robbie Williams (four nights). In May 2013, the rugby league Magic Weekend was held at the Etihad Stadium for the second year running, and will be held there again in 2014. It has also been confirmed that the Etihad Stadium will be the site of three One Direction concerts in 2014 and one match of the Rugby World Cup in 2015 (the only England match that will not be played at Twickenham).
- The Club has expanded the number of events hosted at the Etihad Stadium while maintaining the quality of the playing surface through effective planning and the exceptional talents of our grounds team. During 2012-13, the Etihad Stadium was a finalist for the Institute of Groundsmanship (IOG) Professional Spectator Sports Ground of the Year and our grounds team were ranked in the top five – and highly commended – in the Barclays Premier League Groundsman of the Year Award. At the IOG Awards in December 2012, two groundsman from our Carrington training ground were awarded winner and runner up respectively in the IOG Young Groundsman of the Year category.
- In November 2012, the Club won two awards at the inaugural Football Business Awards for Best/Most Innovative Use Of Technology and, for our partnership with EA Sports, Club Sponsorship/Partnership of the Year.



ENGAGEMENT WITH OUR EMPLOYEES

- Consistent with Manchester City's goal to remain an employer of choice in the UK and internationally, the Club has introduced a number of new initiatives in 2012-13 to increase staff consultation, training and professional development across the organisation.
- The Club's e-learning tool, known as CityLearning, helped us deliver training to more than 300 individual employees during 2012-13 from more than 30 separate training modules. The Club has also introduced a new forum, known as Blue Sky Thinking, for gathering feedback and suggestions from its employees. Meanwhile, our new CitySpirit behaviours framework – which articulates the kind of organisation we want to be – was developed in direct consultation with our employees.
- In July 2013, Manchester City was awarded Bronze status by Investors in People, becoming the first Premier League club to receive this nationally-recognised accreditation. The Bronze status achieved by the Club is held by around only 5% of Investors in People organisations nationwide.

“There is a significant commitment to corporate social responsibility and club resources have been targeted to deliver long term community based programmes and events which really do have a positive impact”

Investors In People Assessment report on award of Bronze status to MCFC

AWARDS FOR 2012-13 SEASON

Football

- Winner, Manager of the Year Award for Roberto Mancini, Northwest Football Awards 2012 (November 2012)
- Pablo Zabaleta – included in Professional Footballers' Association (PFA) Team of the Year 2013 for the Barclays Premier League (April 2013)
- Winner for the third successive year, Golden Gloves award for Joe Hart for the most clean sheets in the Premier League (April 2013)
- Winner, Premier League Under 14 National Tournament 2013
- Winner, Premier League Under 13 International Tournament 2013

Commercial and operational

- Winner, Best Club Marketing Campaign for #Together campaign, Northwest Football Awards 2012 (November 2012)
- Winner, Best / Most Innovative use of Technology by Clubs, Football Business Awards 2012 (November 2012)
- Winner, Club Sponsorship / Partnership of the Year for Manchester City FC / EA Sports (Circle Agency), Football Business Awards 2012 (November 2012)

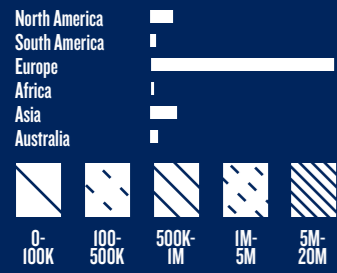
- Winner, Best Social Media Presence, City of Manchester Business Awards (Downtown Manchester In Business 2013 (March 2013)
- IOG Rigby Taylor/Top Green Young Groundsman of the Year, IOG Industry Awards 2012 (December 2012)
– Winner, Luke Dodge
– Finalist, Paul Baker
- Finalist, IOG Governing Bodies Professional Spectator Sports Ground of the Year for the Etihad Stadium, IOG Industry Awards 2012 (December 2012)
- Winner, Directors Choice in the Premier League Award (voted by football club Boards of Directors when they visit an away match), Official Football Hospitality Awards, 2013 (May 2013)
- Winner, Strategic Award (Sport) for Manchester City website, Pan Arab Web Awards 2012 (May 2012)
- Winner, Golden Award (Sport) for Manchester City website, Pan Arab Web Awards 2012 (May 2012)



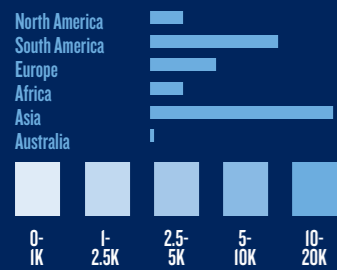
GLOBAL MAP



MCFC WEB VISITS



INTERESTED FANS



LOCAL MAP

GREATER MANCHESTER AREA (BY POSTCODE)

THE ETIHAD STADIUM



RESIDENCE OF YOUNG PLAYERS
IN THE CITY ACADEMY



CITY IN THE COMMUNITY ACTIVITIES:
SCHOOLS AND OTHER SITES THAT
WERE VISITED REGULARLY



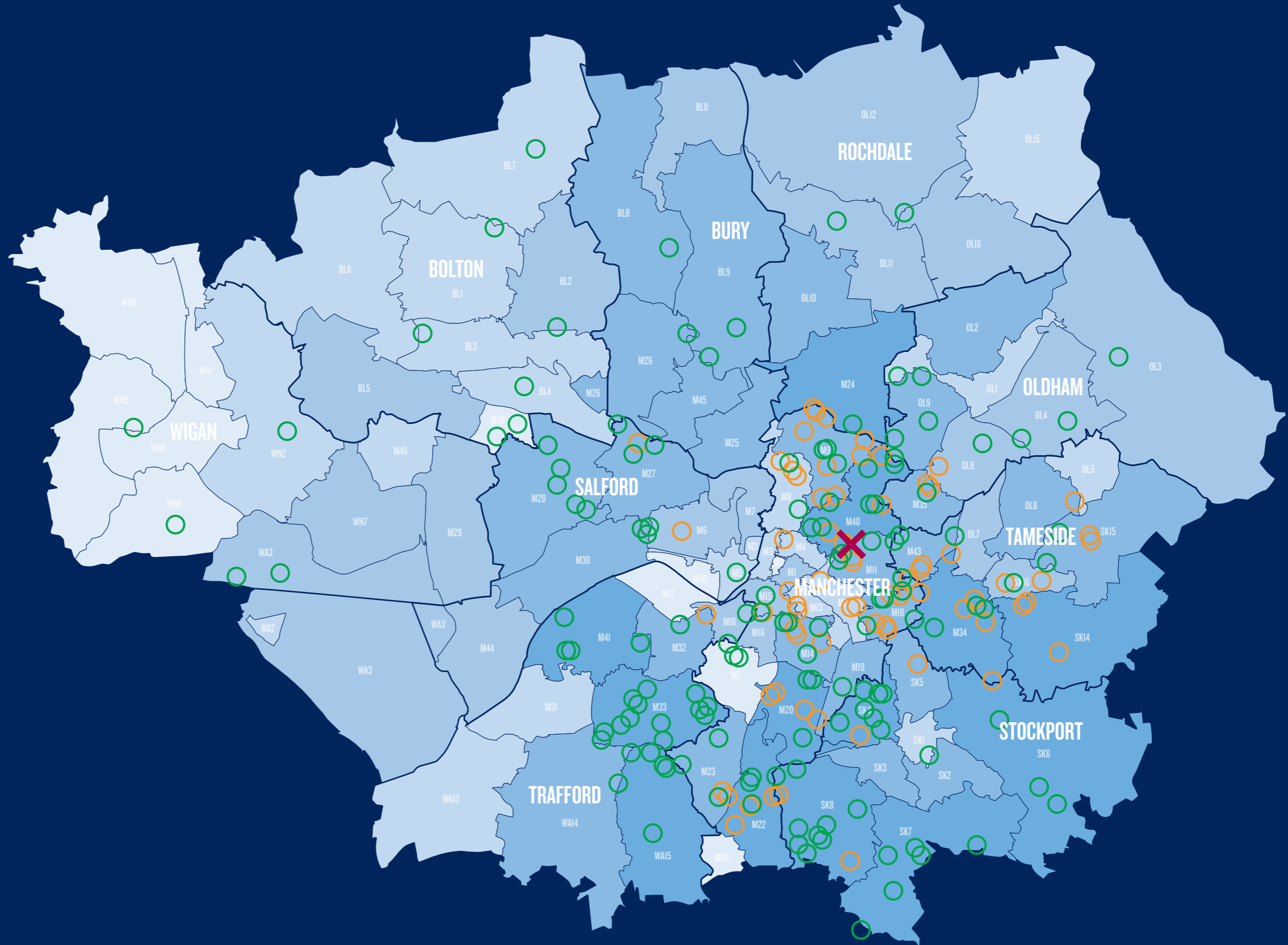
NUMBER OF MANCHESTER CITY FANS WHO ATTENDED
AT LEAST ONE MATCH AT THE ETIHAD STADIUM IN 2012-13



0 - 49 50 - 99 100 - 200



200 - 350 350 - 700



05. FINANCIAL REPORT

MANCHESTER CITY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2013

REGISTERED NUMBER 2989498

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Directors and Advisors

DIRECTORS

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

COMPANY SECRETARY

S Cliff

REGISTERED OFFICE

Etihad Stadium, Manchester M11 3FF

BANKERS

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

AUDITORS

BDO LLP, 3 Hardman Street, Manchester M3 3AT

SOLICITORS

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

Directors and Advisors

The Board of Directors comprises:

KHALDOON AL MUBARAK (CHAIRMAN)

Khaldoon Al Mubarak is Chairman of the Abu Dhabi Executive Affairs Authority, which provides strategic policy advice to the Chairman of the Abu Dhabi Executive Council, of which he is also a member. He is Chairman of the Emirates Nuclear Energy Corporation, the Abu Dhabi Media Zone Authority and Emirates Aluminium (EMAL). He is also Deputy Chairman of the Urban Planning Council and a board member of First Gulf Bank and Ferrari SpA.

MARTIN EDELMAN (NON-EXECUTIVE DIRECTOR)

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

SIMON PEARCE (NON-EXECUTIVE DIRECTOR)

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

MOHAMED AL MAZROUEI (NON-EXECUTIVE DIRECTOR)

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

JOHN MACBEATH (NON-EXECUTIVE DIRECTOR)

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

ALBERTO GALASSI (NON-EXECUTIVE DIRECTOR)

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

Directors' Report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 May 2013.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

On the pitch, the Club backed up its first Barclays Premier League title in 2011-12 by finishing runners up and qualified for the Group Stage of the UEFA Champions League for the second successive season. The Club played 26 matches at the Etihad Stadium (2012: 27) attracting an average attendance in the Premier League of 46,977 (2012: 47,032).

During 2012-13, Manchester City Football Club maintained the steady reduction in annual losses that commenced in the previous reporting period and continued its trend towards sustainable profitability.

The Club returned a bottom line loss of £51.6m for 2012-13, representing a near halving of the loss reported in the previous year. Consistent with the Club's prior advice that 2010-11 would represent the bottoming out of financial losses at Manchester City, this is the second consecutive year in which the annual loss has been significantly reduced. It is also the first time under the current ownership that the Club has reported an operating profit before player trading which totalled £30.2m (2012: £21.1m loss).

Encouragingly, Manchester City's revenues continued to grow during 2012-13 to £271m, breaking the £250m threshold for the first time in the Club's history.

Specifically:

- Matchday revenue increased by 12% from £35.5m to £39.6m, reflecting ongoing demand for memberships, tickets and hospitality;
- Broadcasting revenue increased slightly from £88.1m to £88.4m, as a result of the Club's second place finish in the Premier League and participation in the UEFA Champions League; and
- Other commercial revenue increased by 33% from £107.5m to £143.0m, driven by an increase in the number and value of sponsorship contracts (including Etihad, EA Sports, Richard Mille and new regional deals with Est Cola and Extra Joss) and income from the Club's post season tours to China and Malaysia in Summer 2012 and the United States in May 2013.

Transfer activity has been relatively stable in 2012-13. Consistent with the Club's statement in 2009-10 that transfers on the scale seen in the preceding years would be unlikely to be repeated in the near future, the Club has made limited adjustments to its squad. As a result, the cost of amortisation of player contracts decreased from £83.0m to £80.9m in 2012-13.

The capital base of the company was strengthened during 2012-13 with £189.8m of new equity issued. The Club has also renegotiated the finance lease on the Etihad Stadium and, after five years of in-depth planning, remains on track to open the new City Football Academy ('CFA') in advance of the 2014-15 season.

After paying off its remaining external borrowings, the Club is now operating with zero financial debt. The absence of financial debt at Manchester City provides the Club with a strong and stable foundation for its future growth and operations.

DIRECTORS

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

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

RESULT FOR THE YEAR

The loss for the financial year was £51,621,000 (2012: £97,857,000).
The Directors do not propose a dividend (2012: £nil).

RISKS AND UNCERTAINTIES

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

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions. Donations to UK charities amounted to £241,361 (2012: £231,027).

SUPPLIER PAYMENT POLICY

The Group had 35 days (2012: 23 days) of purchases outstanding at the end of the financial year.

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

EMPLOYEE INVOLVEMENT

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

DISABLED EMPLOYEES

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

Statement of Directors Responsibilities

DIRECTORS' RESPONSIBILITY

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

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

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

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

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

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
15 October 2013

Independent Auditor's Report to the Members of Manchester City Limited

We have audited the financial statements of Manchester City Limited for the year ended 31 May 2013 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 May 2013 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Julien Rye (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
15 October 2013

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

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31 MAY 2013

| | Note | Operations excluding player trading Year ended 31 May 2013 £000 | Player trading Year ended 31 May 2013 £000 | Total Year ended 31 May 2013 £000 | Total Year ended 31 May 2012 £000 |
|---|------|---|--|---|---|
| Turnover | 2 | 271,000 | - | 271,000 | 231,140 |
| Other operating income | 3 | 47,728 | - | 47,728 | 12,800 |
| Operating expenses | 3 | (288,484) | (80,869) | (369,353) | (348,031) |
| Operating profit/(loss) | | 30,244 | (80,869) | (50,625) | (104,091) |
| Profit on disposal of players | | - | 5,872 | 5,872 | 10,647 |
| Profit/(loss) before interest and taxation | | 30,244 | (74,997) | (44,753) | (93,444) |
| Interest receivable and similar income | 6 | 233 | - | 233 | 1,815 |
| Interest payable and similar charges | 7 | (3,737) | - | (3,737) | (2,738) |
| Stadium finance lease charges | | (3,364) | - | (3,364) | (4,338) |
| Profit/(loss) on ordinary activities before taxation | | 23,376 | (74,997) | (51,621) | (98,705) |
| Taxation | 8 | - | - | - | 848 |
| Profit/(loss) on ordinary activities after taxation | 19 | 23,376 | (74,997) | (51,621) | (97,857) |

The notes on pages 87 to 106 form part of these financial statements.

Consolidated Statement of Total Recognised Gains and Losses

FOR THE YEAR ENDED 31 MAY 2013

| | Note | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|---|------|-----------------------------------|-----------------------------------|
| Loss for the financial year | | (51,621) | (97,857) |
| Unrealised deficit on revaluation of properties | 19 | (29,257) | (17,141) |
| Total recognised losses for the year | | (80,878) | (114,998) |

Consolidated Note of Historical Cost Profits and Losses

FOR THE YEAR ENDED 31 MAY 2013

| | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|--|-----------------------------------|-----------------------------------|
| Loss on ordinary activities before and after taxation | (51,621) | (97,857) |
| Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 1,120 | 1,214 |
| Historical cost loss on ordinary activities before and after taxation | (50,501) | (96,643) |

The notes on pages 87 to 106 form part of these financial statements.

Balance Sheets

AS AT 31 MAY 2013

Registered number:2989498

| | Note | Group | | Company | |
|---|------|------------------|------------------|----------------|----------------|
| | | 2013 £000 | 2012 £000 | 2013 £000 | 2012 £000 |
| Fixed assets | | | | | |
| Intangible assets | 10 | 186,215 | 226,244 | - | - |
| Tangible assets | 11 | 260,006 | 219,969 | - | - |
| Investments | 12 | - | - | 435,262 | 46,486 |
| | | 446,221 | 446,213 | 435,262 | 46,486 |
| Current assets | | | | | |
| Debtors - amounts falling due within one year | 13 | 156,307 | 81,819 | - | 279,872 |
| Debtors - amounts falling due after more than one year | 13 | 32,367 | 4,720 | - | - |
| Cash at bank and in hand | | 14,045 | 12,600 | - | - |
| | | 202,719 | 99,139 | - | 279,872 |
| Creditors - amounts falling due within one year | 14 | (106,860) | (109,657) | - | - |
| Net current assets/(liabilities) | | 95,859 | (10,518) | - | 279,872 |
| Total assets less current liabilities | | 542,080 | 435,695 | 435,262 | 326,358 |
| | | | | | |
| Creditors - amounts falling due after more than one year | 15 | (67,336) | (78,670) | - | - |
| Deferred income | 17 | (39,482) | (30,667) | - | - |
| Net assets | | 435,262 | 326,358 | 435,262 | 326,358 |
| Capital and reserves | | | | | |
| Called up share capital | 18 | 53,592 | 44,640 | 53,592 | 44,640 |
| Share premium account | 19 | 999,616 | 818,786 | 999,616 | 818,786 |
| Revaluation reserve | 19 | 44,686 | 73,943 | - | - |
| Profit and loss account | 19 | (662,632) | (611,011) | (617,946) | (537,068) |
| Shareholders' funds | 21 | 435,262 | 326,358 | 435,262 | 326,358 |

The notes on pages 87 to 106 form part of these financial statements.

These financial statements were approved by the Board of Directors on 15 October 2013 and were signed on its behalf by:

J MacBeath
Director

Group Cash Flow Statement

FOR THE YEAR ENDED 31 MAY 2013

| | Note | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|---|------|-----------------------------------|-----------------------------------|
| Net cash outflow from operating activities | 24 | (26,825) | (53,176) |
| Return on investments and servicing of finance | | | |
| Interest paid | | (5,369) | (2,651) |
| Interest element of finance lease payments | | (4,120) | (3,421) |
| Interest received | | 58 | 4 |
| Net cash outflow from return on investments and servicing of finance | | (9,431) | (6,068) |
| Capital expenditure | | | |
| Purchase of intangible fixed assets | | (101,099) | (122,854) |
| Sale of intangible fixed assets | | 22,145 | 27,621 |
| Purchase of tangible fixed assets | | (40,422) | (29,645) |
| Net cash outflow from capital expenditure | | (119,376) | (124,878) |
| Net cash outflow before financing | | (155,632) | (184,122) |
| Financing | | | |
| Issue of shares | | 189,782 | 168,696 |
| Loan capital repaid | | (32,428) | (1,926) |
| Capital element of finance lease rental payments | | (277) | (378) |
| Net cash inflow from financing | | 157,077 | 166,392 |
| Movement in cash in the year | 26 | 1,445 | (17,730) |

The notes on pages 87 to 106 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

01 – Accounting Policies

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

BASIS OF PREPARATION

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

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

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Manchester City Limited ('the Company') and its subsidiary undertakings up to 31 May 2013. The acquisition method of accounting has been adopted.

TURNOVER

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

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

FIXED ASSETS AND DEPRECIATION

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

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

Cost includes directly attributable finance costs.

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

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

Where the Company's websites are expected to generate future revenues in excess of costs of development then these costs are capitalised.

INVESTMENTS

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

INTANGIBLE ASSETS

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised over the contract period on a straight line basis. Impairments in value below the amortised value are provided for when the carrying amount exceeds the amount recoverable through use or sale.

SIGNING ON FEES

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

DEFERRED TAX

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

No deferred tax asset has been recognised as at 31 May 2013 as in the Company's opinion it is unlikely that there will be sufficient taxable profits arising in the foreseeable future for the asset to be recovered.

LEASES

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

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

02 – Turnover

| | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|-----------------------------|-----------------------------------|-----------------------------------|
| Matchday | 39,615 | 35,544 |
| Broadcasting – UEFA | 24,144 | 23,413 |
| Broadcasting – All other | 64,250 | 64,716 |
| Other commercial activities | 142,991 | 107,467 |
| | 271,000 | 231,140 |

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

The comparatives for the year ended 31 May 2012 have been amended to reflect football industry convention.

CAPITAL GRANTS

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

FOREIGN CURRENCY TRANSACTIONS

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

PENSIONS

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

03 – Operating loss

| | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|--|-----------------------------------|-----------------------------------|
| Other operating income | | - |
| Sale of intellectual property to related parties (Note 28) | 22,453 | 12,800 |
| Sale of intellectual property to third parties | 24,500 | - |
| Other operating income | 775 | - |
| | 47,728 | 12,800 |
| Operating expenses | | - |
| Direct cost of sales and consumables | 6,832 | 6,805 |
| Remuneration of auditors and its associates: | | |
| Audit fees | 43 | 46 |
| Tax services | 35 | 20 |
| Other services | 4 | 4 |
| Hire of other assets – operating leases | 457 | 459 |
| Capital grants released and amortised | (57) | (48) |
| Other external charges | 42,280 | 49,339 |
| Staff costs (Note 5) | 233,106 | 201,789 |
| Amortisation of player registrations | 80,869 | 83,031 |
| Depreciation of tangible fixed assets: | | |
| Owned | 3,922 | 3,993 |
| Leased | 1,862 | 2,593 |
| | 369,353 | 348,031 |
| Operating loss | | - |
| Operating profit/(loss) before player trading | 30,244 | (21,060) |
| Amortisation of player registrations | (80,869) | (83,031) |
| | (50,625) | (104,091) |

04 – Directors' remuneration

| | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|---|-----------------------------------|-----------------------------------|
| Directors' emoluments | 426 | 1,401 |
| Company contributions to money purchase pension schemes | - | 250 |
| Amounts paid to third parties in respect of Directors' services | 362 | 332 |

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £426,000 (2012: £850,000) and Company pension contributions of £nil (2012: £250,000) were made to a money purchase scheme on his behalf.

05 – Staff numbers and costs

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

NUMBER OF EMPLOYEES

| | Year ended 31 May 2013 | Year ended 31 May 2012 |
|------------------------------------|---------------------------|---------------------------|
| Football staff – including players | 222 | 237 |
| Commercial/administration staff | 227 | 239 |
| | 449 | 476 |

The aggregate payroll costs of these persons were as follows:

| | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|-----------------------|-----------------------------------|-----------------------------------|
| Wages and salaries | 204,701 | 178,155 |
| Social security costs | 28,031 | 23,294 |
| Other pension costs | 374 | 340 |
| | 233,106 | 201,789 |

06 – Interest receivable and similar income

| | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|---------------|-----------------------------------|-----------------------------------|
| Bank interest | 58 | 4 |
| Other | 175 | 1,811 |
| | 233 | 1,815 |

07 – Interest payable and similar charges

| | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|---------------------------|-----------------------------------|-----------------------------------|
| Bank loans and overdrafts | - | 54 |
| Other loans | 3,685 | 2,602 |
| Finance lease interest | 52 | 82 |
| | 3,737 | 2,738 |

Included within other loans is a charge of £1,849,000 (2012: £nil) which relates to the repayment of the outstanding loan notes in full.

08 – Taxation

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

| | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|---|-----------------------------------|-----------------------------------|
| Current tax | | |
| UK corporation tax at 24% (2012: 26%) on profits for the year | - | (848) |
| Adjustments in respect of prior years | - | - |
| Tax on profits from ordinary activities | - | (848) |

(b) Factors affecting tax charge for the year:

The current tax charge for the year varies from the standard rate of corporation tax in the UK of 24% (2012: 26%). The differences are explained below:

| | Year ended 31 May 2013 £000 | Year ended 31 May 2012 £000 |
|---|-----------------------------------|-----------------------------------|
| Loss on ordinary activities before taxation | (51,621) | (98,705) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012: 26%) | (12,389) | (25,338) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,415 | 2,354 |
| Fixed asset timing differences | (1,053) | 134 |
| Other timing differences | - | 5,398 |
| Tax losses incurred in the year | 12,027 | 16,604 |
| Current tax credit for the year | - | (848) |

The Company has corporation tax losses available for carry forward of approximately £471 million (2012: £461 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.

09 – 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 Group profit for the year includes a loss after tax of £80,878,000 (2012: £114,998,000) which is dealt with in the financial statements of the parent company.

10 – Intangible fixed assets

| Group | £000 |
|---|----------------|
| Amounts paid for players' registrations | |
| Cost | |
| As at 1 June 2012 | 438,291 |
| Additions | 72,190 |
| Disposals | (81,863) |
| As at 31 May 2013 | 428,618 |
| Amortisation | |
| As at 1 June 2012 | 212,047 |
| Amortisation of player registrations | 80,869 |
| Disposals | (50,513) |
| As at 31 May 2013 | 242,403 |
| Net book value | |
| As at 31 May 2013 | 186,215 |
| As at 1 June 2012 | 226,244 |

II – Tangible fixed assets

| Group | Land and Buildings (Freehold) £000 | Land and Buildings (Short Leasehold) £000 | Land and Buildings (Long Leasehold) £000 | Assets under course of construction £000 | Fixtures, Fittings & Equipment £000 | Total £000 |
|--------------------------|---------------------------------------|--|---|---|--|----------------|
| Cost/valuation | | | | | | |
| As at 1 June 2012 | 42,005 | 2,646 | 140,021 | 18,479 | 28,786 | 231,937 |
| Additions | 11,753 | - | 33,313 | 27,042 | 2,970 | 75,078 |
| Revaluation adjustment | - | - | (29,257) | - | - | (29,257) |
| Reclassifications | 6,058 | (358) | (3,581) | (1,779) | (340) | - |
| As at 31 May 2013 | 59,816 | 2,288 | 140,496 | 43,742 | 31,416 | 277,758 |
| Depreciation | | | | | | |
| As at 1 June 2012 | 1,644 | 296 | 361 | - | 9,667 | 11,968 |
| Charge for the year | 104 | 134 | 1,473 | - | 4,073 | 5,784 |
| Reclassifications | (77) | 133 | (167) | - | 111 | - |
| As at 31 May 2013 | 1,671 | 563 | 1,667 | - | 13,851 | 17,752 |
| Net book value | | | | | | |
| As at 31 May 2013 | 58,145 | 1,725 | 138,829 | 43,742 | 17,565 | 260,006 |
| As at 1 June 2012 | 40,361 | 2,350 | 139,660 | 18,479 | 19,119 | 219,969 |

An exercise has been performed during the year in order to ensure that the fixed assets held are correctly classified within the relevant class of tangible fixed assets; this has resulted in the costs and associated accumulated depreciation of some assets being reclassified at the start of the year.

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

| | |
|---------------------------------------|----------------|
| | 2013 |
| | £000 |
| At depreciated replacement cost | 139,190 |
| Aggregate depreciation thereon | (1,525) |
| Net book value | 137,665 |
| Historical cost of revalued assets | 80,832 |
| Aggregate depreciation thereon | (10,269) |
| Historical cost net book value | 70,563 |

Tangible fixed assets are shown at their original cost to the Group with the exception of the Etihad Stadium. A full valuation was obtained by the Directors as at 31 May 2012 from GVA Grimley Ltd on a depreciated replacement cost basis and was made in accordance with the Royal Institute of Chartered Surveyors' Asset Statements of Valuation Practice and Guidance Notes. The results of this new valuation have subsequently been incorporated into the financial statements.

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

The net book value of fixed assets at 31 May 2013 includes £137,665,000 (2012: £139,190,000) in respect of assets on finance lease or hire purchase. Depreciation for the year on these assets was £1,525,000 (2012: £2,512,000).

The cumulative amount of interest capitalised in the total cost of tangible fixed assets amounts to £283,000 (2012: £283,000).

FINANCIAL LEASE ON ETIHAD STADIUM

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

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

The finance lease liability was initially established at £34,903,000. In the year ended 31 May 2013 the lease was renegotiated with Manchester City Council and certain terms were amended. As a result fixed asset additions of £29,257,000 were recognised to reflect the capital enhancement of the stadium asset, the revaluation reserve was reduced by £29,257,000 to ensure the total value of the stadium asset following the additions did not exceed the 2012 GVA Grimley valuation. This resulted in an amended initial finance lease liability of £67,614,000.

12 – Fixed asset investments

| COMPANY | | |
|--------------------------|--|---|
| | | Shares in Subsidiary Undertakings £000 |
| Cost | | |
| As at 1 June 2012 | | 46,486 |
| Additions | | 1,012,704 |
| As at 31 May 2013 | | 1,059,190 |
| Provision | | |
| As at 1 June 2012 | | - |
| Additions | | 623,928 |
| As at 31 May 2013 | | 623,928 |
| Net book value | | |
| As at 31 May 2013 | | 435,262 |
| As at 1 June 2012 | | 46,486 |

During the year the company waived a loan receivable from Manchester City Football Club Limited, increasing their investment in the entity. The charge for the year is in relation to the same investment and has been provided to ensure the investment is held at its recoverable amount.

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

All companies are incorporated in England and Wales.

* denotes indirect investments.

13 – Debtors

| | Group | | Company | |
|--|----------------|---------------|--------------|----------------|
| | 2013 £000 | 2012 £000 | 2013 £000 | 2012 £000 |
| Amounts falling due within one year | | | | |
| Trade debtors | 35,533 | 36,793 | - | - |
| Debtors arising from player transfers | 20,296 | 8,709 | - | - |
| Amounts owed by group undertakings (Note 28) | 28,311 | - | - | 279,872 |
| Amounts owed by related party undertakings (Note 28) | 200 | 12,800 | - | - |
| Other debtors | 2,347 | 1,794 | - | - |
| Prepayments and accrued income | 69,620 | 21,723 | - | - |
| | 156,307 | 81,819 | - | 279,872 |
| Amounts falling due after more than one year | | | | |
| Trade debtors | 16,875 | - | - | - |
| Debtors arising from player transfers | 14,415 | 4,720 | - | - |
| Other debtors | 1,077 | - | - | - |
| | 32,367 | 4,720 | - | - |
| Total Debtors | 188,674 | 86,539 | - | 279,872 |

14 – Creditors: amounts falling due within one year

| | Group | | Company | |
|---|----------------|----------------|--------------|--------------|
| | 2013 £000 | 2012 £000 | 2013 £000 | 2012 £000 |
| Other loans | - | 1,827 | - | - |
| Obligations under finance leases (Note 16) | 299 | 402 | - | - |
| Trade creditors | 6,354 | 5,543 | - | - |
| Creditors arising from player transfers | 19,933 | 40,858 | - | - |
| Amounts owed to related party undertakings | 10,613 | 3,733 | - | - |
| Other creditors including tax and social security | 11,320 | 12,348 | - | - |
| Accruals | 58,341 | 44,946 | - | - |
| | 106,860 | 109,657 | - | - |

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

| | Group | | Company | |
|--|---------------|---------------|--------------|--------------|
| | 2013 £000 | 2012 £000 | 2013 £000 | 2012 £000 |
| Other loans | - | 30,602 | - | - |
| Obligations under finance leases (Note 16) | 67,315 | 38,232 | - | - |
| Creditors arising from player transfers | 21 | 9,836 | - | - |
| | 67,336 | 78,670 | - | - |

16 – Borrowings

| Group | Finance Leases £000 | 2013 | 2012 |
|----------------------------|---------------------------|---------------|---------------|
| | | Total £000 | Total £000 |
| Maturity of debt: | | | |
| Within one year | 299 | 299 | 2,229 |
| Between one and two years | 315 | 315 | 1,948 |
| Between two and five years | 1,043 | 1,043 | 6,439 |
| After more than five years | 65,957 | 65,957 | 60,447 |
| | 67,614 | 67,614 | 71,063 |

During the year all external loans were repaid.

FINANCE LEASES

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

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

| | 2013 £000 | 2012 £000 |
|-----------------------------|---------------|---------------|
| Within one year | 3,550 | 2,251 |
| In the second to fifth year | 14,200 | 7,653 |
| Over five years | 164,475 | 117,453 |
| Less future finance charges | (114,611) | (88,723) |
| | 67,614 | 38,634 |

17 – Deferred income

| | Group | | Company | |
|------------------------------------|---------------|---------------|--------------|--------------|
| | 2013 £000 | 2012 £000 | 2013 £000 | 2012 £000 |
| Within one year: | | | | |
| Deferred income | 38,311 | 29,391 | - | - |
| Deferred credit for capital grants | 57 | 48 | - | - |
| | 38,368 | 29,439 | - | - |
| More than one year: | | | | |
| Deferred income | - | - | - | - |
| Deferred credit for capital grants | 1,114 | 1,228 | - | - |
| | 1,114 | 1,228 | - | - |
| Total deferred income | 39,482 | 30,667 | - | - |

Deferred credit for capital grants

| | £000 |
|--|--------------|
| The movements in deferred credit for capital grants during the year were as follows: | |
| At 1 June 2012 | 1,276 |
| Grants released in year | (105) |
| At 31 May 2013 | 1,171 |

18 – Called up share capital

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

| | 2013 £000 | 2012 £000 |
|---|---------------|---------------|
| Issued and called up | | |
| 535,793,025 (2012:446,273,172) Ordinary shares of 10p each – fully paid | 53,580 | 44,628 |
| 20 (2012: 20) Ordinary shares of 10p each – 2.5p paid | - | - |
| 49,998 (2012: 49,998) Redeemable deferred shares of £1 each – 25p paid | 12 | 12 |
| | 53,592 | 44,640 |

During the year 89,519,853 ordinary shares of 10p each were issued for a consideration of £2.12 per share. The total consideration was £189.8m and the premium of £180.8m has been included in the share premium account (see note 19).

19 – Reserves

| | Share Premium Group and Company £000 | Revaluation Reserve Group £000 | Profit & Loss Account Group £000 | Profit & Loss Account Company £000 |
|----------------------------|--|--------------------------------------|--|---|
| At 1 June 2012 | 818,786 | 73,943 | (611,011) | (537,068) |
| Retained loss for the year | - | - | (51,621) | (80,878) |
| Issue of shares | 180,830 | - | - | - |
| Revaluation in the year | - | (29,257) | - | - |
| At 31 May 2013 | 999,616 | 44,686 | (662,632) | (617,946) |

The movement in the revaluation reserve for the year is described within note 11.

20 – Contingent liabilities

Additional transfer fees, signing on fees and loyalty bonuses of £53,857,000 (2012: £42,191,000) that will become payable upon the achievement of certain conditions contained within player and transfer contracts if they are still in the service of the Club on specific future dates are accounted for in the year in which they fall due for payment.

21 – Reconciliations of movement in shareholders' funds

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2013 £000 | 2012 £000 | 2013 £000 | 2012 £000 |
| Loss for the financial year | (51,621) | (97,857) | (80,878) | (114,998) |
| Revaluation adjustment | (29,257) | (17,141) | - | - |
| Issue of shares | 189,782 | 168,696 | 189,782 | 168,696 |
| Net increase in shareholders' funds | 108,904 | 53,698 | 108,904 | 53,698 |
| Opening shareholders' funds | 326,358 | 272,660 | 326,358 | 272,660 |
| Total closing shareholders' funds | 435,262 | 326,358 | 435,262 | 326,358 |

22 – Pensions

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

At 31 May 2013 a Minimum Funding Requirement Deficit was identified in the scheme, of which £353,303 (2012: £380,544) was allocated to the Company.

The latest full actuarial valuation was carried out at 31 August 2011 and was updated for FRS 17 purposes by a qualified independent actuary. The contribution for the year was £58,296 (2012: £30,492).

23 – Commitments

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

| Expiring: | 2013 £000 | 2012 £000 |
|---------------------------|--------------|--------------|
| Within one year | 153 | 303 |
| Within two and five years | 65 | 224 |
| After five years | - | - |
| | 218 | 527 |

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

| | 2013 £000 | 2012 £000 |
|---------------------------------|---------------|--------------|
| Contracted but not provided for | 70,301 | - |

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

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

| | 2013 £000 | 2012 £000 |
|---|-----------------|-----------------|
| Operating loss | (50,625) | (104,091) |
| Amortisation and impairment of players' registrations | 80,869 | 83,031 |
| Depreciation | 5,784 | 6,586 |
| Increase in debtors | (73,509) | (51,663) |
| Increase in creditors | 10,761 | 13,009 |
| Release and amortisation of grants | (105) | (48) |
| Net cash outflow from operating activities | (26,825) | (53,176) |

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

| | 2013 £000 | 2012 £000 |
|--|-----------------|-----------------|
| Increase/(decrease) in cash in the year | 1,445 | (17,730) |
| Net cash inflow from movement in debt | 32,674 | 2,304 |
| Movement in net debt resulting from cash flows | 34,119 | (15,426) |
| Other non-cash changes | (29,225) | (137) |
| Opening net debt position | (58,463) | (42,900) |
| Closing net debt position | (53,569) | (58,463) |

26 – Analysis of changes in net debt

| | As at 1 June 2012 £000 | Cash flow £000 | Other non- cash changes £000 | As at 31 May 2013 £000 |
|---|------------------------------|-------------------|------------------------------------|------------------------------|
| Cash at bank and in hand | 12,600 | 1,445 | - | 14,045 |
| Movement in net cash position in the year | 12,600 | 1,445 | - | 14,045 |
| Debt due within one year | (1,827) | 1,795 | 32 | - |
| Debt due after one year | (30,602) | 30,602 | - | - |
| Net debt (excluding finance leases) | (19,829) | 33,842 | 32 | 14,045 |
| Finance leases | (38,634) | 277 | (29,257) | (67,614) |
| | (58,463) | 34,119 | (29,225) | (53,569) |

Other non-cash changes for the Finance Lease relates to the movement in the revaluation reserve (note II).

27 – Financial instruments and risk management

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

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

INTEREST RATE RISK PROFILE OF FINANCIAL ASSETS AND LIABILITIES

The Company has no financial assets, other than short-term debtors and an amount of cash at bank. The interest rate risk profile of the Company's financial liabilities as at 31 May 2013 was:

| | Total £000 | Floating rate financial liabilities £000 | Fixed rate financial liabilities £000 | Non- interest financial liabilities £000 |
|-------------------|---------------|---|--|---|
| As at 31 May 2013 | 67,614 | - | 67,614 | - |
| As at 31 May 2012 | 71,063 | 12 | 71,019 | 32 |

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

The fixed rate liabilities comprise finance lease obligations of £67,614,000 as detailed in note I6.

The maturity profile of the Company's financial liabilities as at 31 May 2013 is shown in note I6.

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

28 – Related party transactions**TRANSACTIONS WITH PARENT UNDERTAKINGS**

Transactions during the year ended 31 May 2013 with the parent undertaking, Abu Dhabi United Group Investment & Development Limited consisted of the subscription for additional shares in the Club outlined in note 18 and also during the year the Company sold hospitality boxes to Abu Dhabi United Group Investment & Development Limited for £200,000, a balance which is included in debtors due within one year (2012: £12,800,000).

The Company settled balances on behalf of its immediate parent company, City Football Group Limited, during the year and a balance of £783,000 (2012: £nil) is included in debtors due within one year.

TRANSACTIONS WITH SUBSIDIARIES OF CITY FOOTBALL GROUP LIMITED

Transactions during the year ended 31 May 2013 with City Football Marketing Limited, a fellow subsidiary of City Football Group Limited, consisted of the sale of intangible assets of £11,566,000 (2012: £nil), a recharge for costs incurred providing services for the benefit of the Company totalling £750,000 (2012: £nil) and cash loans. A balance of £14,428,000 is included in debtors due within one year (2012: £nil).

Transactions during the year ended 31 May 2013 with City Football Services Limited, a fellow subsidiary of City Football Group Limited, consisted of the sale of intangible assets of £10,887,000 (2012: £nil), a recharge for costs incurred providing services for the benefit of the Company totalling £1,118,000 (2012: £nil) and cash loans. A balance of £13,100,000 is included in debtors due within one year (2012: £nil).

TRANSACTIONS WITH BROOKSHAW DEVELOPMENTS LIMITED

The Company received funding on behalf of Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment & Development Limited, during 2011/12 and a balance of £10,613,000 (2012: £3,733,000) is included in creditors due within one year.

29 – Post balance sheet events

Since the year-end the football registrations of Fernandinho (from Shakhtar Donetsk), Jesus Navas (from Seville), Alvaro Negredo (from Seville), Stevan Jovetic (from Fiorentina) and Martin DeMichelis (from Atletico Madrid) have been acquired. The registration of Carlos Tevez (to Juventus) was sold. The net expenditure on these transactions was approximately £84.1m.

30 – Ultimate parent company

As at the 31 May 2013 the Group's parent undertaking was City Football Group Limited, a company incorporated in England and Wales. The Group's ultimate parent undertaking was Abu Dhabi United Group Investment & Development, a company registered in Abu Dhabi and wholly owned by His Highness Sheikh Mansour bin Zayed Al Nahyan.

