

MANCHESTER CITY ANNUAL REPORT 2011-12



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MESSAGE FROM THE CHAIRMAN

At the time of the acquisition of Manchester City Football Club in September 2008, Sheikh Mansour bin Zayed Al Nahyan stated he wanted to build a team capable of maintaining a place in the top four within England while competing for European honours. In his open letter to fans, he identified the need for significant investment in the early years to enable the Club to become successful and sustainable over time.

The hard work of everyone involved at Manchester City over the last four years has begun to create an obvious momentum. However, 2011-12 will always be remembered as a particularly significant year in the history of the Club. Unbeaten at home all season, the team set new Club records for both matches won and points earned on the way to the Premier League title. Perhaps more importantly, this season Manchester City has demonstrated an ability to win in even the most challenging of circumstances.

It is important to recognise the personal and ongoing influence of Sheikh Mansour bin Zayed on the rapid transformation that is taking place. His strategic investment and counsel to the organisation, and commitment to its long-term development, has given everyone associated with Manchester City the confidence to live up to the goals that he has set.

This year's on-pitch success will give the Club a timely commercial boost. There will be direct benefits in the form of increased broadcast revenue but also new opportunities to benefit from natural growth of the global fan base and the Club's increased commercial value to potential partners at home and abroad.

International commercial growth continues to be an important priority with a particular focus on Asia, North and South America and the Middle East. The Club's international outreach has been accelerated by two pre-season tours to the United States, important visits to China and Malaysia and the innovative use of technology to connect more deeply with more audiences around the world. Our recently announced partnership with Nike will help to further expand the Club's global footprint from 2013-14.

Closer to home, the expected impact of the City Football Academy (CFA) project should not be underestimated. It is the most significant current initiative to secure the long-term sustainability of the Club's football operations. Importantly, it will also make a lasting contribution to the regeneration of the East Manchester area and the community of which the Club is an integral part.

The CFA will strengthen the Club's youth development and training capabilities, enable more players to move through the Academy and Elite Development Squads into the first team in the future, while bringing all of the Club's operations together on a single site within the Etihad Campus.

The development of more homegrown players is fundamental from a financial perspective and will help to achieve one of the owner's original objectives for a sound and sustainable organisation. The approach is also consistent with the Club's strong record of youth development and community engagement.

We remain a pillar of our local community. 62% of our members live within 10 miles of the Etihad Stadium and 100% of our domestic community initiatives focus on the Greater Manchester area.

Manchester City has come a long way in a relatively short time. In the last two seasons we have tasted victory in the FA Cup, experienced the UEFA Champions League, won the Barclays Premier League and with two goals in added time, redefined what is typical of City for a generation of supporters.

The responsibility lies with all of us to continue the hard work that will ensure that this is only the beginning of a long and successful era for Manchester City.

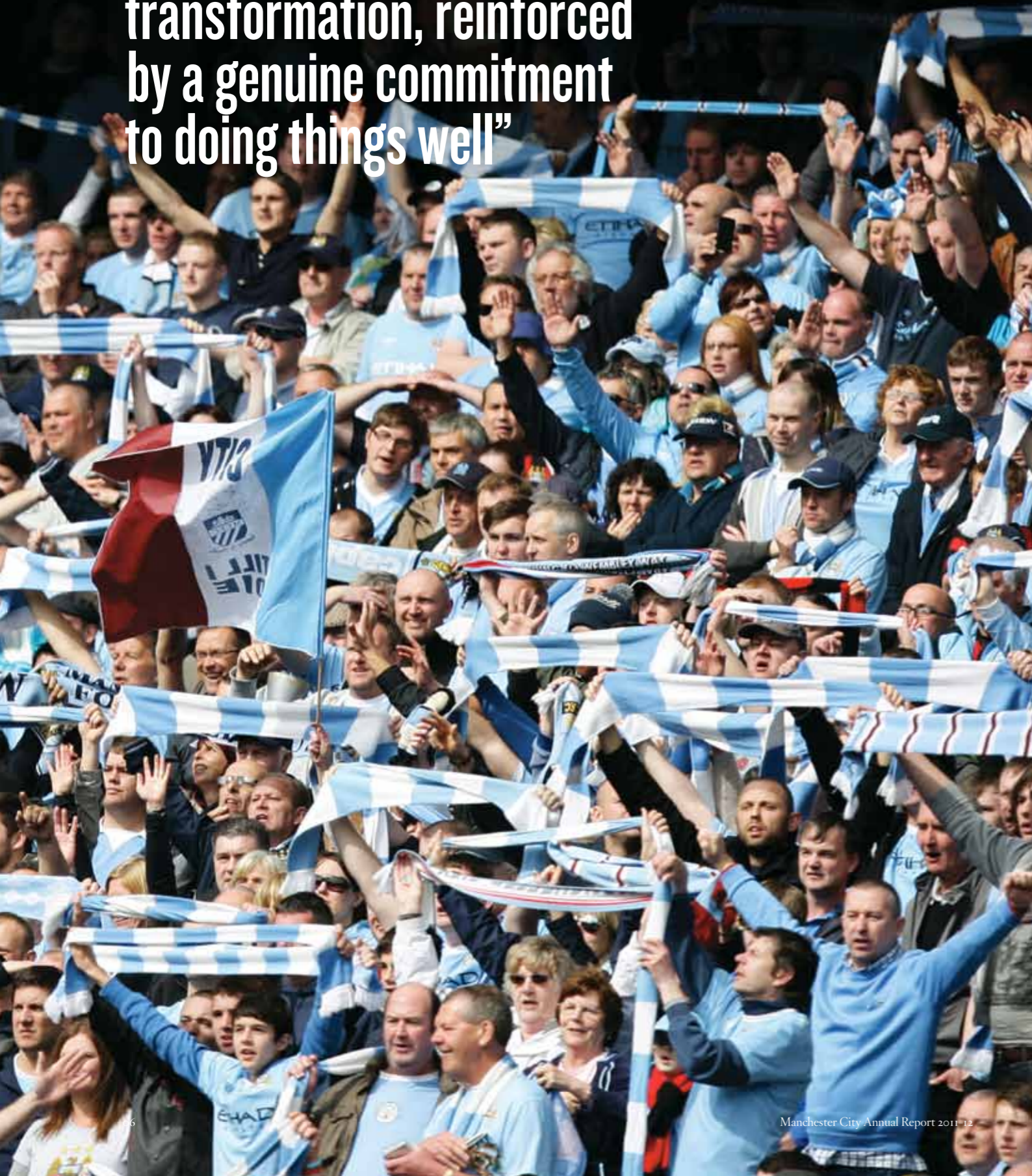
Khaldoun Al Mubarak
Chairman



“The responsibility lies with all of us to continue the hard work that will ensure that this is only the beginning of a long and successful era for Manchester City”



“What I have found is a Club on the verge of a historic transformation, reinforced by a genuine commitment to doing things well”



CHIEF EXECUTIVE'S STATEMENT

Since joining Manchester City in September 2012, my first priority has been to deepen my understanding of the Club, its history and its operations. What I have found is a Club on the verge of a historic transformation, reinforced by a genuine commitment to doing things well. It is a Club with a rich history and the potential for an even brighter future. I am honoured to be part of this exciting project.

This is a time of real significance for football. There is no denying that the sport faces its share of challenges and competition for global audiences has never been fiercer. Football continues, however, to be the world's most played and viewed sport and participation in the greatest competitions together with the use of ever advanced media technologies presents us with a real opportunity to deliver improved digital content to that global audience. The rewards for clubs which are successful in this area are immense.

Manchester City is in a unique position to capitalise on these opportunities. Having returned to the summit of English football in 2011-12, the Club has earned the chance to compete for a place as one of the biggest and most successful Clubs globally in the years ahead. It is an opportunity we will work hard at to achieve.

There are many reasons to be optimistic. The Club has assembled a world-class team on the pitch, evidenced by the historic triumph in the Barclays Premier League, but it is also supported by a talented off pitch team, already recognised for its strong community work and the match day experience it provides. Now however, it is vital that we extend this winning mentality and commitment to excellence across all aspects of our operations.

Our priorities are interconnected and begin with continued success on the pitch. This success has to boost our commercial performance, both in the traditional sources of revenue and through new, creative ideas and business models which we will be developing. The revenue generated will allow us to continue investing in football and producing winning teams. This cycle will be key in achieving the long held ambition for sustainability at Manchester City FC.

The City Football Academy (CFA), which we envisage will become a global centre of excellence for youth football development, is a truly unique project that will revolutionise the recruitment, training, development and education of the world's most promising footballers. It is my belief that this project and the long-term perspective of our owner will further differentiate the Club from its competitors in the future.

Our annual financial results must be considered in context. Encouragingly, they demonstrate that alongside significant investment in the playing squad, the Club has continued and will continue to grow its revenues.

As we grow, the unique identity of Manchester must remain at the heart of our communication with potential supporters around the world. Football remains one of the few fields in which it is possible to be local and global at the same time. In fact, people demand it. It is with the Club's origins and heritage that people make a lasting connection and we are fortunate to have Manchester at the heart of our organisation.

For all of us associated with Manchester City, it is an honour to represent this historic organisation. We owe it to the supporters, the owner and to each other to complete the transformation of Manchester City into one of the most successful and sustainable football clubs in the world.

Ferran Soriano
Chief Executive

01. FOOTBALL

OVERVIEW

This year Manchester City won the Barclays Premier League for the first time, securing its first domestic title since 1968.

During the 2011–12 season, Manchester City scored more goals and conceded fewer than any team in the competition and broke a series of Club records. After decades in the wilderness, Manchester City are champions of England and a potent force in European football once again.

This season's results are the culmination of a long-term strategy to strengthen the first team playing squad and establish an effective system for success on the pitch. Just three seasons ago, Manchester City had 40 fewer points than the Premier League champions. The objective now is to maintain our performance in the Barclays Premier League, go further in the UEFA Champions League and continue to compete for domestic cups. The foundations put in place in recent years should enable us to do this.

One key advantage is our relatively young squad. New recruits this season brought the average age of our first team squad down to 24 years of age. A championship-winning squad with such a young average age provides a strong foundation upon which the Club can build in order to remain competitive for years to come.

At the same time, the Club is investing in the modernisation of its Academy and the expansion of its youth development capabilities. Approved in May 2011, our new Academy Development Plan includes a full-time coaching and educational model for all players from 14–18 years of age for the first time, providing 880 additional hours of coaching contact time in the 2011–12 season. This is consistent with the Club's goal to develop more home grown talent and reduce the need for expensive player acquisitions in the future. In July 2012, the Academy was granted Category One status by the Premier League under its new Elite Player Performance Plan (EPPP), following an independent audit of its youth development programmes, making Manchester City one of the first Premier League clubs to be awarded this status.

Identifying the most promising talent early is critical. We have introduced age-appropriate performance analysis for all players between eight and 21 years of age and continue to bring promising young talent into our system. This year alone, 20 new players across eight age groups and from seven countries have been recruited to join our Academy.

With the average age for a Premier League debut rising, the Club is also seeking to provide an ideal pathway for talented players in the 18–21 year old age bracket. Through improvements to our training and development facilities, the strategic use of player loans and our involvement in the NextGen Series, we believe our most talented players are receiving the rigorous preparation necessary for a career in professional football.

For those who excel the opportunities are real. Five of our young players made first team debuts under Roberto Mancini this season, while two young players out on loan have debuted for their countries during the year.

The future is even more promising. The City Football Academy (CFA) project, unanimously approved by Manchester City Council in December 2011, promises to revolutionise the Club's training and development capabilities. A new Academy and elite training facility in the heart of our community, the CFA will include four first team football pitches and 12 youth development pitches, dedicated education and accommodation facilities, and a 7,000-capacity arena for youth matches. These facilities are expected to be available in time for the 2014–15 season.

The Club's investment in the CFA should be interpreted as a clear signal that the future sustainability of Manchester City lies in the training and development of young players that can be brought into our first team over time.



A HISTORIC SEASON AT MANCHESTER CITY

- In the 2011-12 season, Manchester City won the Barclays Premier League for the first time and secured the Club's first top flight league title since 1968.
- The title was won in the last game of the season against QPR on 13 May 2012. Manchester City had 44 attempts on goal – more than any other team in a single game in Europe's top five leagues all season.
- Manchester City set a series of Club records during 2011-12, including our most points, most victories and fewest defeats ever in a season of top flight football.
- Manchester City has become one of only five Clubs to have won the Premier League since its inception in 1992.
- This season MCFC achieved the second-best goal difference in Premier League history (+64), scoring more goals (93) and conceding fewer (29) than any other team in the league.
- 16 games across all competitions were won by Manchester City by a margin of three or more goals. In 10 defeats across all competitions, on only one occasion did MCFC lose a game by more than one goal.
- Manchester City was unbeaten at home in the Premier League all season. Our home record of 18 wins, 1 draw and no losses is a joint-best Premier League record.
- New recruit Sergio Agüero scored 23 Premier League goals during 2011-12. Joe Hart won the Premier League Golden Glove award for most clean sheets in a season (17) and Captain Vincent Kompany won the Barclays Premier League Player of the Year award.
- Manchester City was unlucky not to progress beyond the group stage in the UEFA Champions League, becoming the first team since 2006-07 to secure 10 points yet still not qualify for the next stage.
- Manchester City's progress towards the title attracted unprecedented attention around the world, breaking records for UK and US TV viewing figures for the City-United derby on 30 April, and for the number of live commentary teams from overseas broadcasters that were present at the Etihad Stadium for the final game of the season.

CHAMPIONS



First top flight league title since 1967-68

20
CONSECUTIVE
HOME WINS

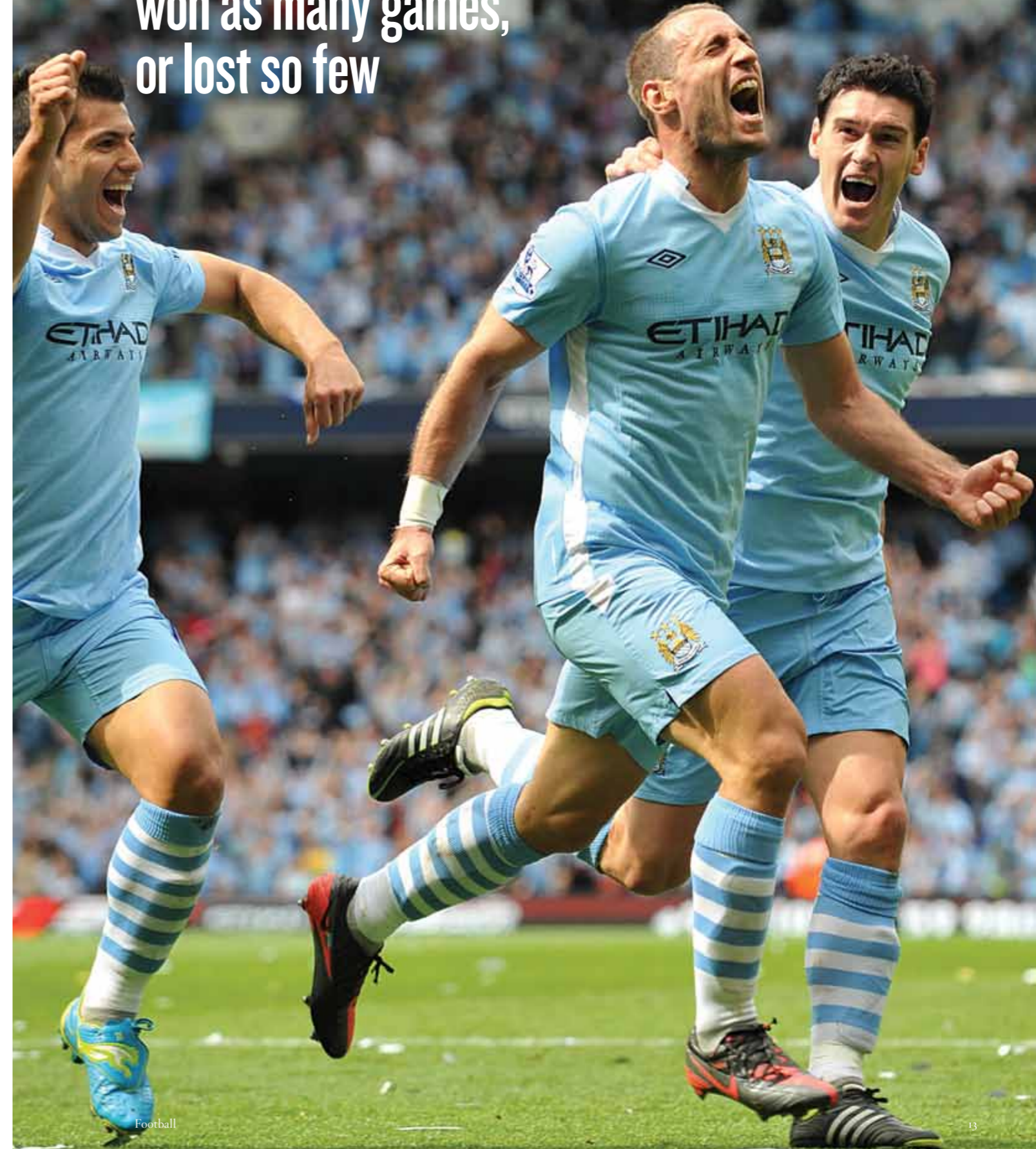
A new Premier League record

89
POINTS

An all time Club record in the top League*

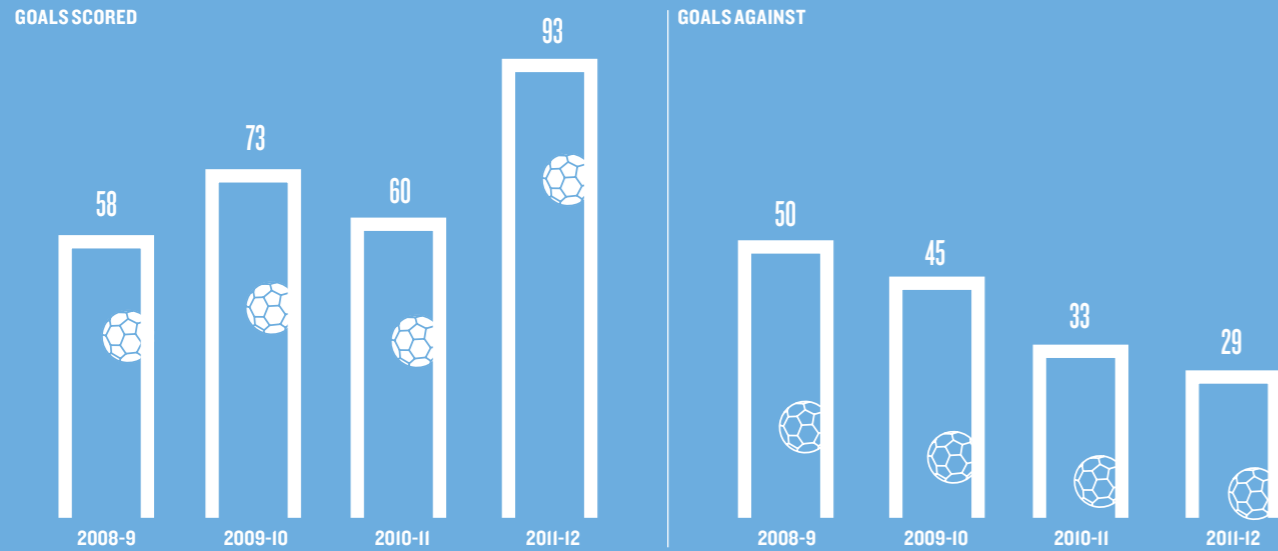
* End of season tables prior to 1981-82 recalculated to award three points for a win

Manchester City have never before in top flight football won as many games, or lost so few



Steady progress – More goals scored and fewer conceded since 2008-9

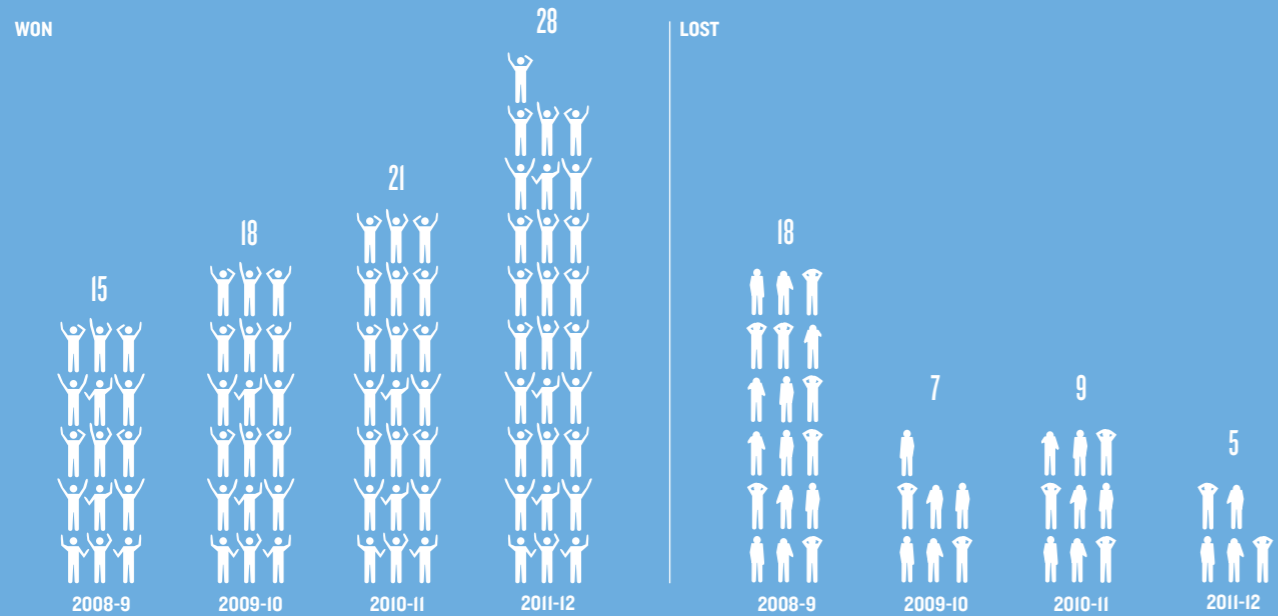
PREMIER LEAGUE GOALS SCORED AND CONCEDED IN THE LAST FOUR SEASONS



Source: Manchester City, Opta

Steady progress – More victories and fewer defeats since 2008-09

PREMIER LEAGUE GAMES WON AND LOST IN THE LAST FOUR SEASONS



Source: Manchester City, Opta



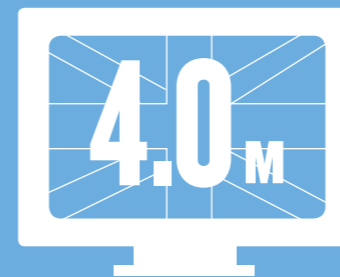
At least 20 more than MCFC have scored in any previous Premier League season



MCFC's highest ever in top flight football



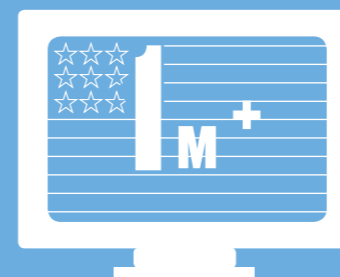
MCFC's lowest ever in top flight football



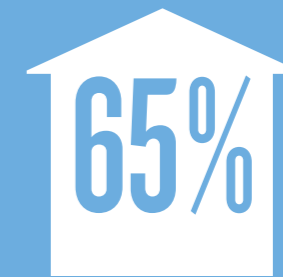
UK TV viewers for City-United derby at the Etihad Stadium, the highest-rating sporting event in Sky's history



Live commentary teams onsite from overseas broadcasters for City-QPR on the last day of the season – the highest recorded figure for a Premier League game



US TV viewers for City-United derby at the Etihad Stadium, the highest ever live cable TV audience in the US for a Premier League game

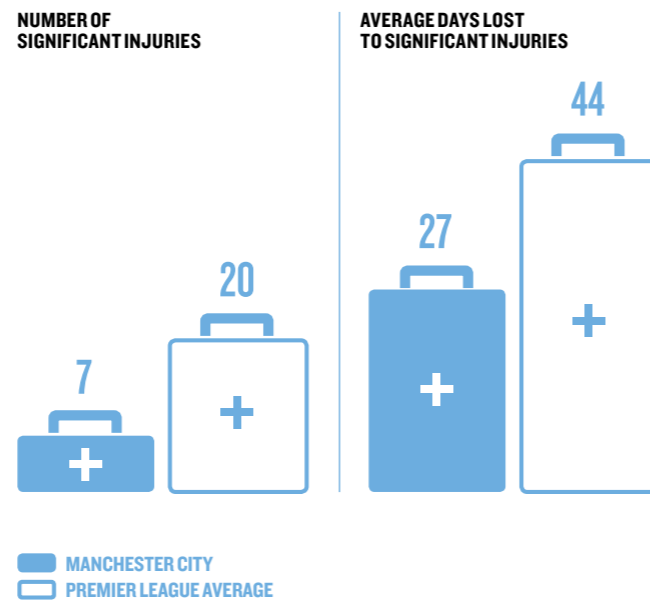


Increase in total UK TV viewing of live Premier League games involving MCFC compared to previous season

A FORMIDABLE SQUAD

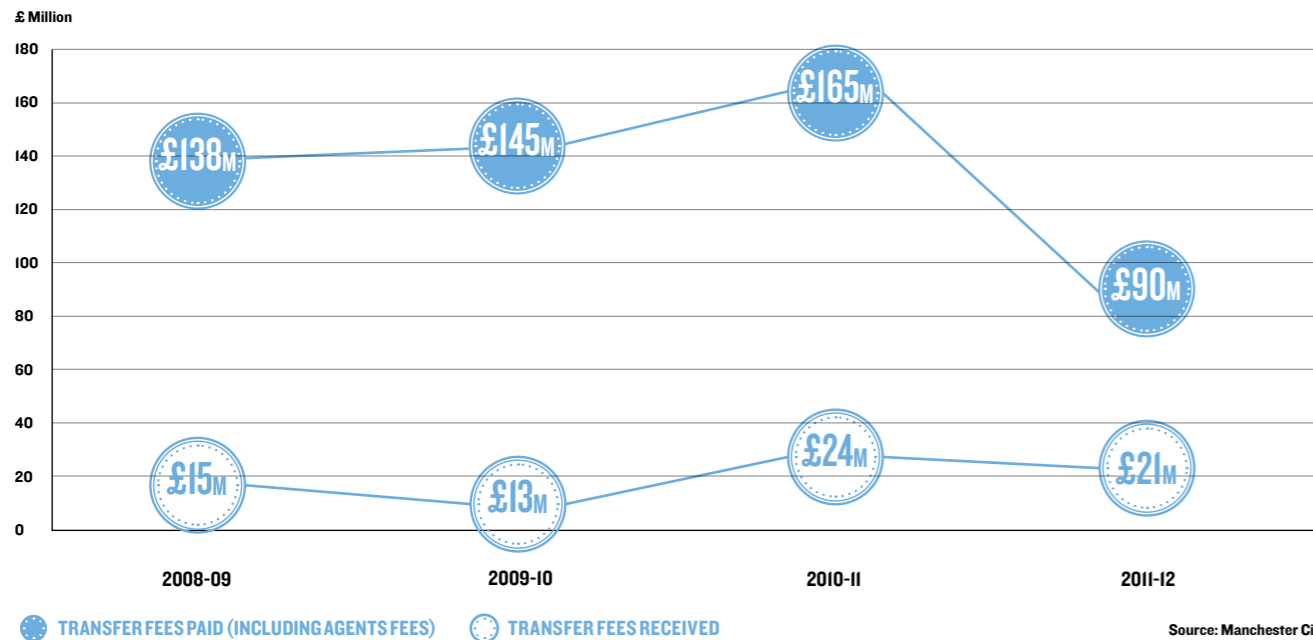
- Having established the core of a competitive first team squad in recent years, Manchester City has recruited fewer players during 2011-12 than in recent years.
- Eight players left the club during the year, with six coming in, reducing the average age of our first team squad to 24 years of age.
- Net transfer fee payments fell to under £70 million, compared to over £120 million over each of the previous three seasons.
- Manchester City has more active internationals in its squad than any other European club, according to the CIES Football Observatory. Eight City players participated in the EURO 2012 tournament and three City players participated in the Africa Cup of Nations during 2011-12.
- 30 different players have been involved in our 54 games in all competitions during the 2011-12 season.
- According to data compiled by analysts at physioroom.com, Manchester City suffered fewer significant injuries than any other Premier League club in the 2011-12 season, and lost fewer days to each significant injury. Overall, City lost the smallest number of days to significant player injuries of all the clubs in the Premier League.

Manchester City players lost fewer days to injuries than other Premier League clubs in the 2011-12 season



Source: physioroom.com

First team player transfer activity, 2008-09 to 2011-12



Source: Manchester City

The first team squad is stabilising, in terms of both the number and value of player transfers



A WORLD-CLASS SQUAD FOR 2011-12

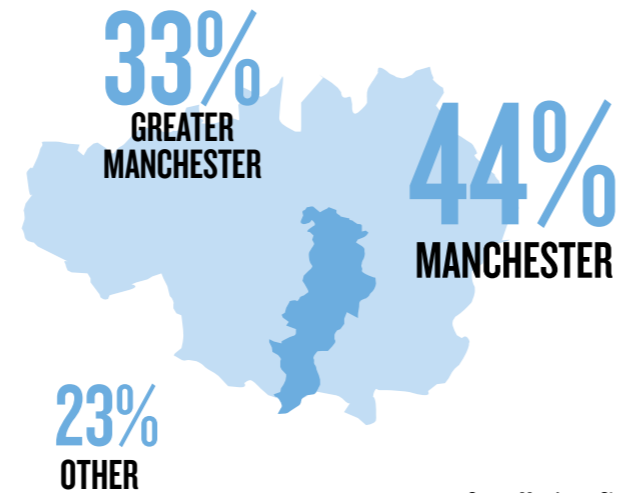


PUTTING OUR ACADEMY DEVELOPMENT PLAN INTO ACTION

- This year the Club began implementing its new Academy Development Plan following its approval by the Owner and Board in May 2011. The plan consists of 38 recommendations for the improvement of our player development model and has led to the appointment of 13 new positions. The number of full-time staff will eventually increase from 30 to 50, with a full-time coach for each age group.
- Key elements of the Academy Development Plan include the introduction of full-time coaching for all players from 14-18 years of age, providing an increase of 880 hours in terms of coaching contact time in 2011-12, and an increased focus on the development of independent decision-makers.
- Under the plan a second cohort of eighteen U14 scholars from our Academy attended school at the prestigious St Bede's College in Alexandra Park this year through a partnership established in November 2011. Previously, the players were taken out of their separate schools for training one day a week, but the new partnership enables them to receive five days of education per week in addition to daily training with our coaches. This had a significant impact on academic performance, with 95% of boys at St Bede's reported to have improved in one or more subjects.
- This year the Club has introduced full-time, age appropriate performance analysis support at every level of our youth development system from U9 through to U21.
- The Club continues to attract talented young players into its youth development system. 20 new players, over eight age groups and from seven countries, were recruited to our Academy during 2011-12.
- In July 2012, Manchester City's Academy was granted Category One status by the Premier League under its new Elite Player Performance Plan (EPPP), following an independent audit of its youth development programmes in May. This makes City one of the first Premier League clubs to be awarded this status.
- The Academy supported a total of 165 players across all years in 2011-12, with more than three-quarters of our Academy players coming from the Greater Manchester area.

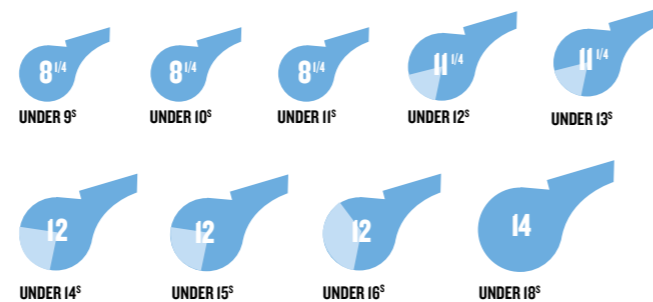
77% of players in MCFC's Football Academy are drawn from the local area

GEOGRAPHICAL SPLIT OF ACADEMY PLAYERS IN 2011-12 SEASON



Source: Manchester City

Weekly coaching hours for each age group in Academy



2011-12 Season
To be added in 2012-13 Season

Source: Manchester City

The Academy provided almost 1,600 player-hours of coaching per week in 2011-12



PREPARING ELITE YOUNG PLAYERS FOR THE TOP FLIGHT

- With the average age for a Premier League debut rising, the Club is putting significant efforts into the nurturing of talented players in the 18-21 year old age bracket to help better facilitate their path into first team football. Encouragingly, six Academy graduates progressed to the Club's Elite Development Squad (EDS) in 2011-12.
- During 2011-12, our Elite Development Squad participated in the inaugural NextGen Series in a group featuring Barcelona, Celtic and Marseille. The new format provides our most promising young players with a realistic taste of European club football at an early stage in their careers.
- As part of the new City Football Academy (CFA) project, our elite development capabilities will be expanded through the construction of new training facilities and a 7,000-seat stadium for youth matches.
- The Club's Multiskills Lifestyle programme has continued during 2011-12, ensuring our Academy scholars receive broad education on topics such as media skills, healthy eating, and financial literacy while also gaining experience representing the Club at events and community initiatives. These skills will be of value to our scholars whether they proceed with a career in professional football or not.
- Five young players (Karim Rekik, Luca Scapuzzi, Denis Suarez, Frederic Veseli and Joan Roman) made their first team debuts during the 2011-12 season under Roberto Mancini, and two young players out on loan (Mohammed Abu and John Guidetti) have debuted for their countries during the year.



APPOINTMENT OF PATRICK VIEIRA AS FOOTBALL DEVELOPMENT EXECUTIVE

- In July 2011 it was announced that former City player Patrick Vieira would be joining the Club as its new Football Development Executive.
- In this position Patrick works across all aspects of the Club's operations with a particular focus on player mentoring, recruitment, corporate partnerships and community initiatives.
- Patrick currently spends two days per week working with young players at the Academy and providing our scholars with advice on all aspects of being a professional footballer.
- Patrick has also served as a high-profile Ambassador for the Club through a range of local and international appearances during the year.

CITY FOOTBALL ACADEMY (CFA) APPROVED

- In December 2011 the Club received unanimous planning approval from Manchester City Council for the development of the City Football Academy (CFA) adjacent to the Etihad Stadium and forming an integral part of the Etihad Campus.
- A new Grade 1 Academy and elite training facility in the heart of our community, the CFA will include four first team football pitches and 12 youth development pitches, dedicated education and accommodation facilities, and a 7,000-capacity arena for youth matches.
- The new development will see all of the Club's playing and non-playing operations combined on a single site while bringing our first team and youth training facilities closer together than ever before.
- A new first team building will include a changing room, gym, accommodation, injury and rehab centre, in addition to office space for football club employees, a dedicated media centre and an MCFC Customer Service Centre.
- The CFA will transform the Club's youth training and development capabilities while making a significant contribution to the regeneration of the East Manchester area.
- Extensive remediation work has already been undertaken on the site with plans to open the facility in time for the 2014-15 season.

CFA development plans

80 ACRES

of brownfield site being converted

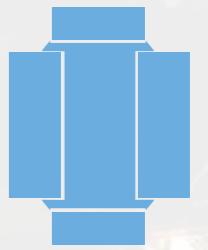


UP TO 400
YOUNG PLAYERS IN NEW
ACADEMY

CFA development plans

7,000

capacity stadium for youth matches and community use



40

players to be offered accommodation in the Academy

4

first team football pitches

12 YOUTH DEVELOPMENT FOOTBALL PITCHES

5.5 ACRES

of land dedicated to the construction of new community facilities

ETIHAD CAMPUS 2014

ETIHAD CAMPUS 2014, INCLUDING CITY FOOTBALL ACADEMY

01. The Etihad Stadium

A 48,000 seat stadium with six restaurants, up to 3,000 covers and 3,000 parking spaces. It is served by local bus stops and a dedicated stadium tram stop is due to open in January 2013.

02. City Square

A fan zone comprising approximately 8,000 ft sq of retail space, two external fan zone café bars and options for additional concessions.

03. The Metrolink Tram Stop

Trams to/from central Manchester every 6/12 minutes, moving up to 500 passengers at a time. Due to open in January 2013.

04. Tennis & Football Community Centre

05. City Football Academy Retail Space

An area of up to 4,000 ft sq of potential retail space with an option of a second floor, doubling the footprint. Street facing front space at the junction of two 'A' roads.

06. Youth Team Arena

A 7,000 capacity stadium – 5,000 seated and 2,000 standing – with adjacent space for event hospitality. Pitch to be used predominantly for youth games.

07. Youth Training Pitches

Including half pitch for goalkeeper training.

08. Private First Team Training Pitch

09. Academy Building

A comprehensive academy facility comprising gym, medical, therapy and training spaces, refectory, relaxation lounge, teaching rooms and office/administration space. There is also a 40 bed residential floor.

10. MCFC Headquarters

Home to the majority of the Club's operations, meeting rooms and staff and visitor restaurant.

11. Media Centre

A 108 seater conference centre/theatre, including translation booths, green room and media studio space.

12. Indoor Youth Pitch

A full size, indoor synthetic pitch with seating for up to 300.

13. First Team Building

A comprehensive first team facility comprising gym, medical, therapy and training spaces, refectory, relaxation lounge, pools and office/administration space. There are also bedrooms for up to 36 players.

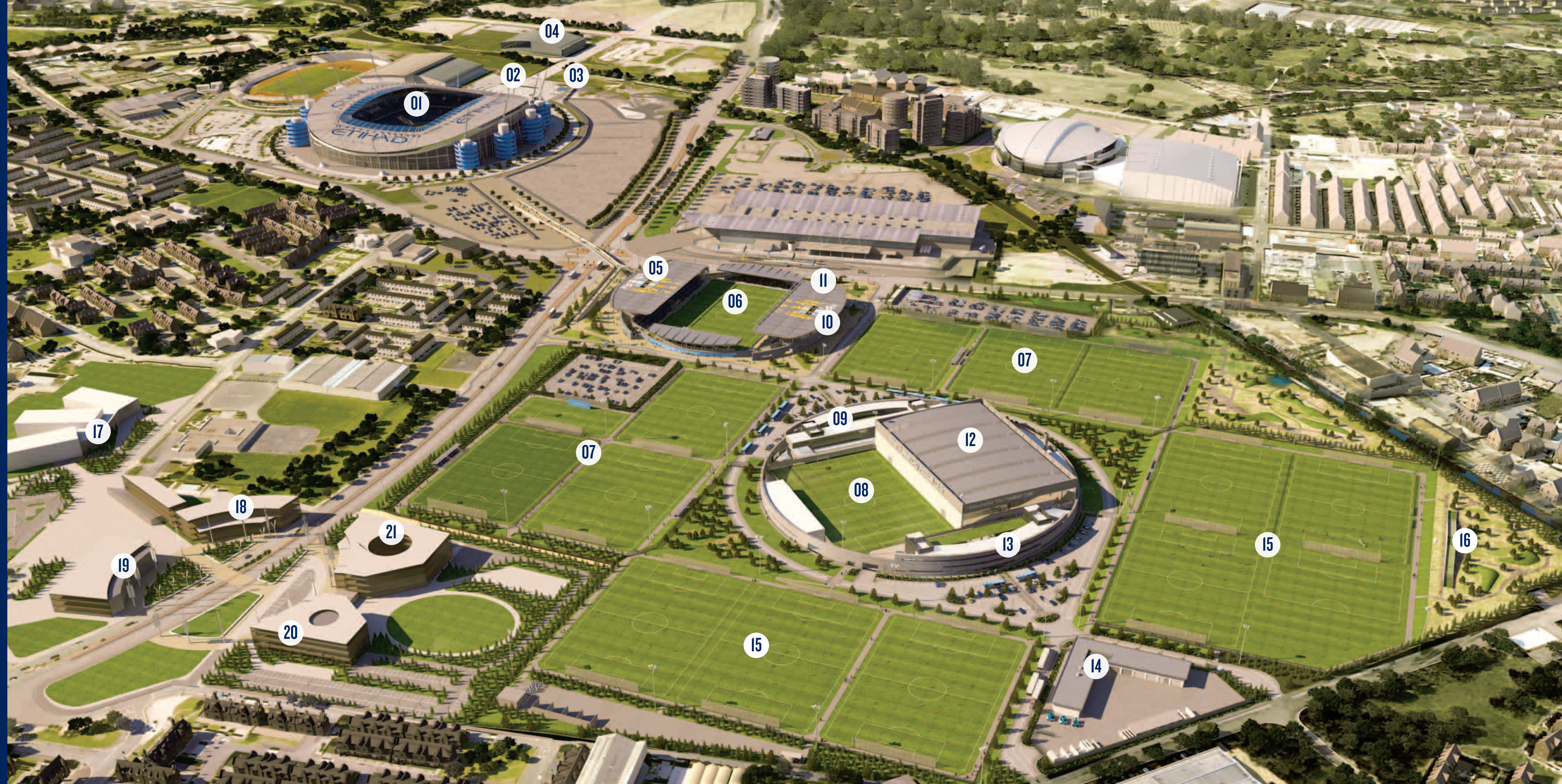
14. Facilities Management Building

Home to Security and Facilities Management teams and including workshop, administration/storage space and garages.

15. First Team and Elite Development Squad Pitches

For the use of first team and developing youth players. Includes half pitch for goalkeeper training.

16. Woodland Fitness Trail and Training Hill



BESWICK VILLAGE (MANCHESTER CITY COUNCIL LED)

17. East Manchester Academy

18. Retail Village

19. Leisure Centre and Swimming Pool

20. Sports Diagnostic and Research Centre

21. Connell Sixth Form College

02. FANS

OVERVIEW

Manchester City's passionate and loyal supporters were rewarded during the 2011-12 season with the victory they had been waiting years for.

The season was record-breaking in more ways than one. The Club experienced record average attendances at the Etihad Stadium of more than 47,000 people for league matches during 2011-12 and hosted a stadium-record 47,435 people for the final game of the season. 18 out of 19 home games were sold out to City supporters and more than 80,000 different fans attended home matches in the 2011-12 season.

The introduction of new membership packages for the 2011-12 season was welcomed with the combined total of 36,500 Superbia, Platinum and Gold memberships all sold out (they sold out even faster for the 2012-13 season). The new memberships have delivered greater flexibility in terms of price and individual preferences while new features such as the Auctions Site (launched in March 2012), Ticket Exchange (launched in May 2012) and electronic match programmes and magazines have made membership even more rewarding for supporters at home and around the world.

The global fan base continues to grow. Through the establishment of the Manchester City International Schools of Football and outreach to communities in North and South America, Asia and the Middle East, the Club's international profile has never been higher. According to our partner EA SPORTS, Manchester City is now the third most played team on FIFA 12 for Playstation and Xbox by gamers around the world and an MCFC competition hosted in partnership with EA SPORTS FIFA Online attracted more than 900,000 entries from Asia alone in the space of two months. The new Sky Blue membership created in 2011 exclusively for City supporters in the UAE has attracted more than 9,500 members.

Engagement with our supporters remains a top priority. Regular fan surveys were conducted to measure satisfaction with our matchday experience, customer service and membership packages. The Club has also hosted quarterly fan forum meetings to discuss upcoming developments and gain feedback from supporters. The trialing of a 'Singing Stand' in September 2011 and the commissioning of a comprehensive transport study were in direct response to supporter feedback. The Club increasingly engages with supporters outside of the UK too using its fast-growing website and social media presence.

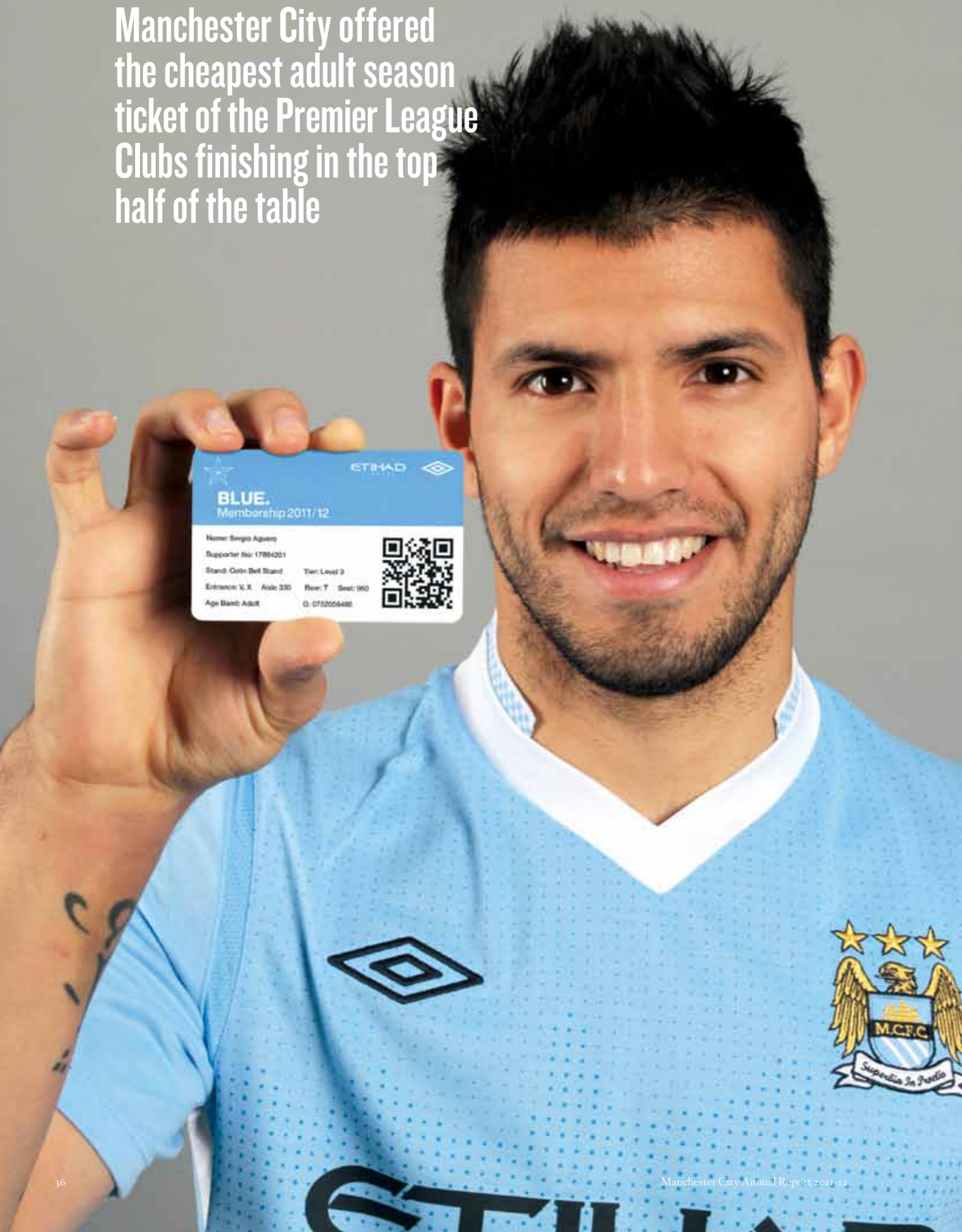
Efforts to continually improve our matchday experience are having an impact. According to the Premier League's 2011-12 National Fan Survey, Manchester City ranked in the top three of all Premier League Clubs for more than half of the statements surveyed. The Club's own research has also found that 84% of respondents agree that we are delivering against our customer service goals – known as our City Promise – with more than 80% stating they have a great day at Manchester City.

Initiatives to boost our content-creation capabilities have paid dividends this year with the Club winning Sport Website of the Year at the 2012 Sport Industry Awards. The Club's website experienced a 33% increase in visits during 2011-12 and the number of video views has doubled. In response to supporter feedback, the Club has provided more behind-the-scenes content, most notably through the fly-on-the-wall videos seen in the popular Inside City and Tunnel Cams series. This year the Club has tripled its fans on Facebook, quadrupled its followers on Twitter and generated almost 30 million views on its new dedicated channel on YouTube, becoming the only football club to feature in a leading index of the top 100 social brands published in May 2012.

Wherever our fans are in the world, the Club is committed to ensuring they remain as close to the action as possible.



Manchester City offered the cheapest adult season ticket of the Premier League Clubs finishing in the top half of the table



NEW MEMBERSHIP PACKAGES

- The Club unveiled a new membership scheme in May 2011 offering fans a more customised experience than ever before. Membership tiers under the new system included Superbia, Platinum, Gold and Blue.
- Manchester City remains committed to keeping the match day experience affordable, with ticket prices well below those of other top Premier League clubs.
- The combined total of 36,500 Superbia, Platinum and Gold memberships were sold out for the 2011-12 season. They sold out even faster for the 2012-13 season.
- Key benefits of the new memberships include more flexible pricing tailored to individual fan preferences, exclusive content and access to unique experiences and memorabilia on our auctions site. The introduction of e-programmes and the e-magazine have also made membership more convenient for fans located further afield.
- In April 2012 fans were invited to help select a name for a new junior membership to be launched in advance of the 2012-13 season. Called CityKicks, and provided automatically to all MCFC members under the age of 16, the new junior membership provides exclusive access to online games, rewards and competitions.
- In October 2011, the new Sky Blue membership was launched for City fans in the UAE. Free to join, Sky Blue membership provides exclusive access to match screenings at UAE Fan Zones, discounts on flights to Manchester on Etihad Airways and a 10% discount at the CityStore in Abu Dhabi.



City Kicks



MFCFC Auctions website

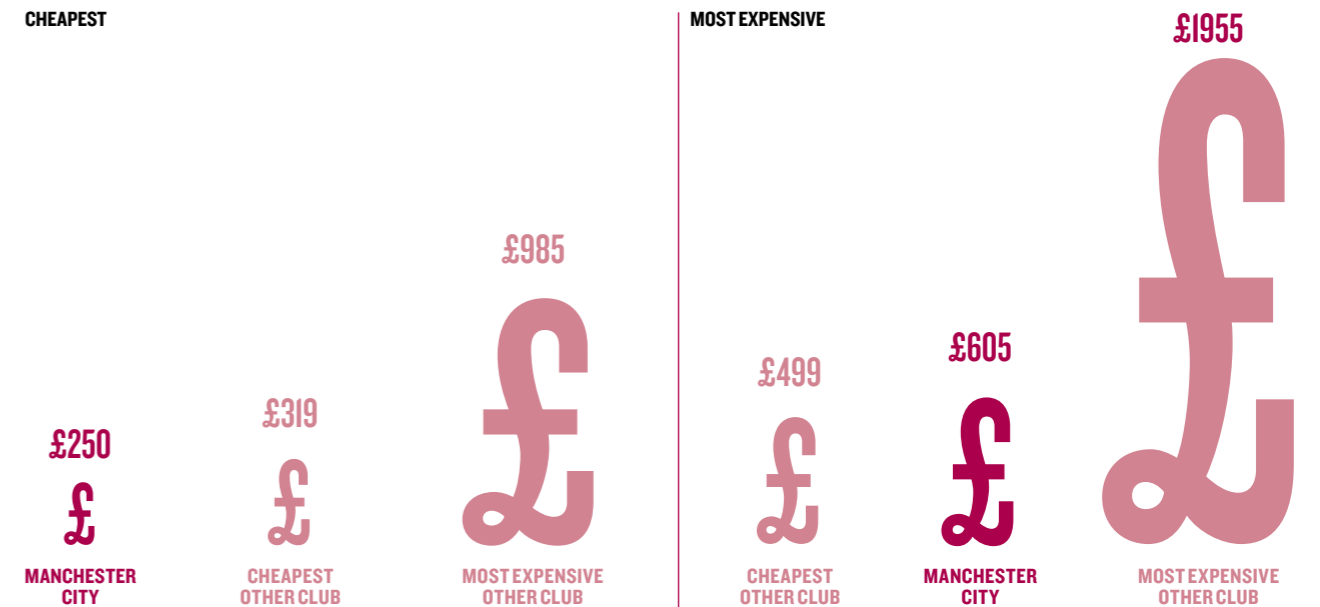


AR card in use



UAE Sky Blue Membership

Cheapest & most expensive adult Seasoncard prices in 2011-12 season: Manchester City vs top 10 Premier League Clubs



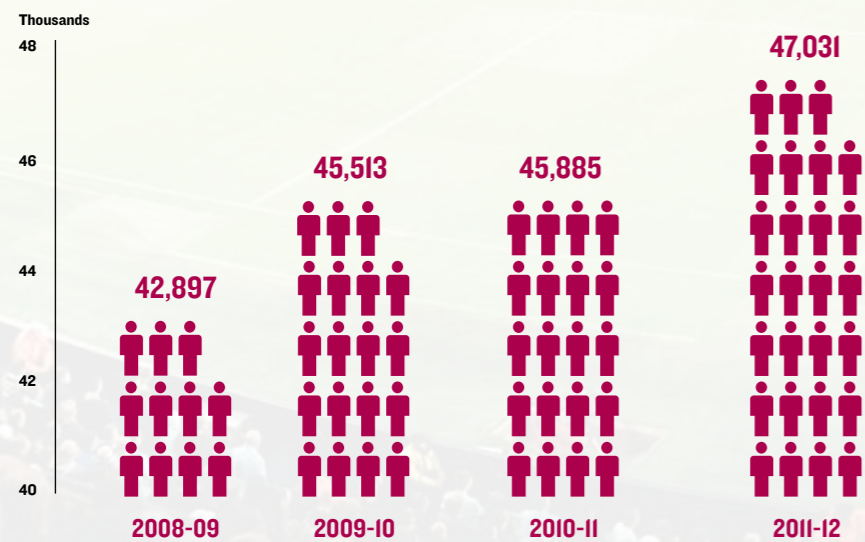
Source: Manchester City

RECORD ATTENDANCES AT THE ETIHAD STADIUM

- The Club set new attendance records during the 2011-12 season for average home league attendance (in excess of 47,000) with 18 out of 19 home league games sold out to home supporters.
- Manchester City fans who attended all 27 home games at the Etihad Stadium in the 2011-12 season (across all competitions) saw their team win 23 games and draw a further two, with only two defeats. 71 goals were scored, an average of 2.6 per game, and just 20 goals were conceded – less than one per game on average. The biggest goal margin of the season at home was a 5-1 win against Norwich on 3 December.
- The highest attendance achieved during the year, and record attendance since the stadium opened, was 47,435 for the dramatic final game of the season against Queens Park Rangers on 13 May 2012.
- Our Cup packages were particularly popular during the 2011-12 season, with average attendances for Cup games up 23% on the previous year.
- Almost 83,000 different fans attended a home match at the Etihad Stadium during the 2011-12 season.
- While maintaining a strong local support base, more than 10,000 fans travelled more than 100 miles to attend a home game during the season.

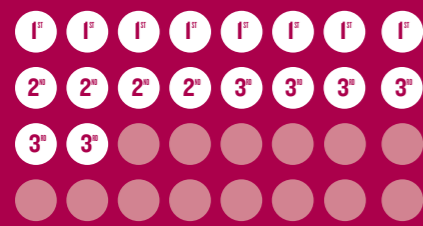
Average home league attendances have risen 10% since 2008-09

Average League attendance at Etihad Stadium



MATCHDAY, TICKETING & FAN IMPROVEMENTS

- The 2011-12 season was the first in which online ticketing for both home and away games and a 24/7 ticket and memberships call centre were made available to our supporters. This season 60% of home game ticket sales and 45% of away game ticket sales were completed via the website, representing a significant increase on previous years.
- A new auction site launched in March 2012 has enabled members to bid on rare memorabilia and unique experiences such as the opportunity to fly with the team to Portugal for a Europa League match against Sporting Lisbon.
- A new ticket exchange platform launched for the 2012-13 season enables Superbia and Platinum members to sell their tickets to matches they are not able to attend for between 90% and 150% of their face value. This was developed in direct response to consultation with our supporters and ensures that otherwise empty home seats will be occupied by City fans.
- The Club has worked hard to expand matchday entertainment offerings most notably through the popular Live from CitySquare programme, the new EA SPORTS Hub and the introduction of Christmas Markets outside the stadium in December 2011, all of which have contributed to an increasingly family-friendly atmosphere.
- Noting fan feedback that transport remains a major priority, the Club and Manchester City Council commissioned AECOM to conduct a major transport study on the stadium and surrounding area including consultation with City supporters. Completed in August 2011, the findings of this report are being used to improve the transport and egress experience for fans and visitors on match days.



MCFC was rated in the top 3 for 18 out of 32 statements surveyed by the Premier League in its latest national fan survey

Number 1's include



Best Premier League facilities for fans to bring children



Best Premier League Club for how welcome you are made to feel when arriving at the ground



Best ticket price concessions for children, students and retired people in the Premier League



Source: Premier League Match Attender Surveys 2011-12

KEEPING OUR CITY PROMISE

- The Club completed its second City Promise study in 2011-12 to evaluate the matchday customer service experience at the Etihad Stadium and identify potential areas for improvement.
- 84% of respondents to MCFC's fan surveys in 2011-12 agreed that the Club was delivering on the City Promise.
- Scores for all five components of the City Promise rose year-on-year with the biggest increase, of almost 6 points, for having a great day at Manchester City.
- Across the 30 statements in the survey, the average agreement score rose by 1.4 percentage points on last season reflecting broad based improvement at the Club.
- The Premier League's 2011-12 National Fan Survey provided further evidence of Manchester City fans' recognition of the improved matchday experience, with the Club ranking in the Top 3 of all Premier League clubs for more than half of the statements surveyed.

Our five-point City Promise and the proportion of fans who agreed we are delivering on it

"WE WANT YOU TO HAVE A GREAT DAY AT MANCHESTER CITY"



"WE WILL GO THE EXTRA MILE TO HELP YOU"



"WE TAKE PRIDE IN OURSELVES AND OUR SURROUNDINGS"



"WE WILL GIVE YOU A WARM AND FRIENDLY WELCOME"



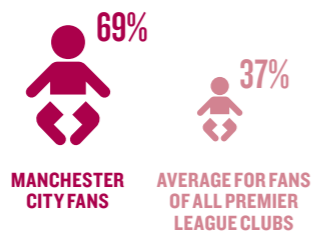
"YOUR SAFETY IS OUR PRIORITY"



Manchester City 2011-12 Fan Surveys

MCFC is the most improved Premier League Club for child-care facilities and a more child-friendly environment over the last five years

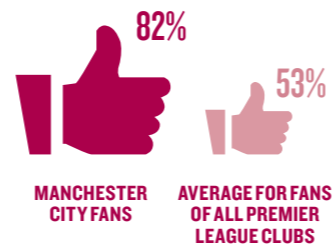
Proportion of fans responding to Premier League survey who agreed with the following statement about the Club that they support: 'my Club provides better child-care facilities and a more child-friendly environment in the ground than it did five years ago'



Source: Premier League Match Attender Survey 2011-12

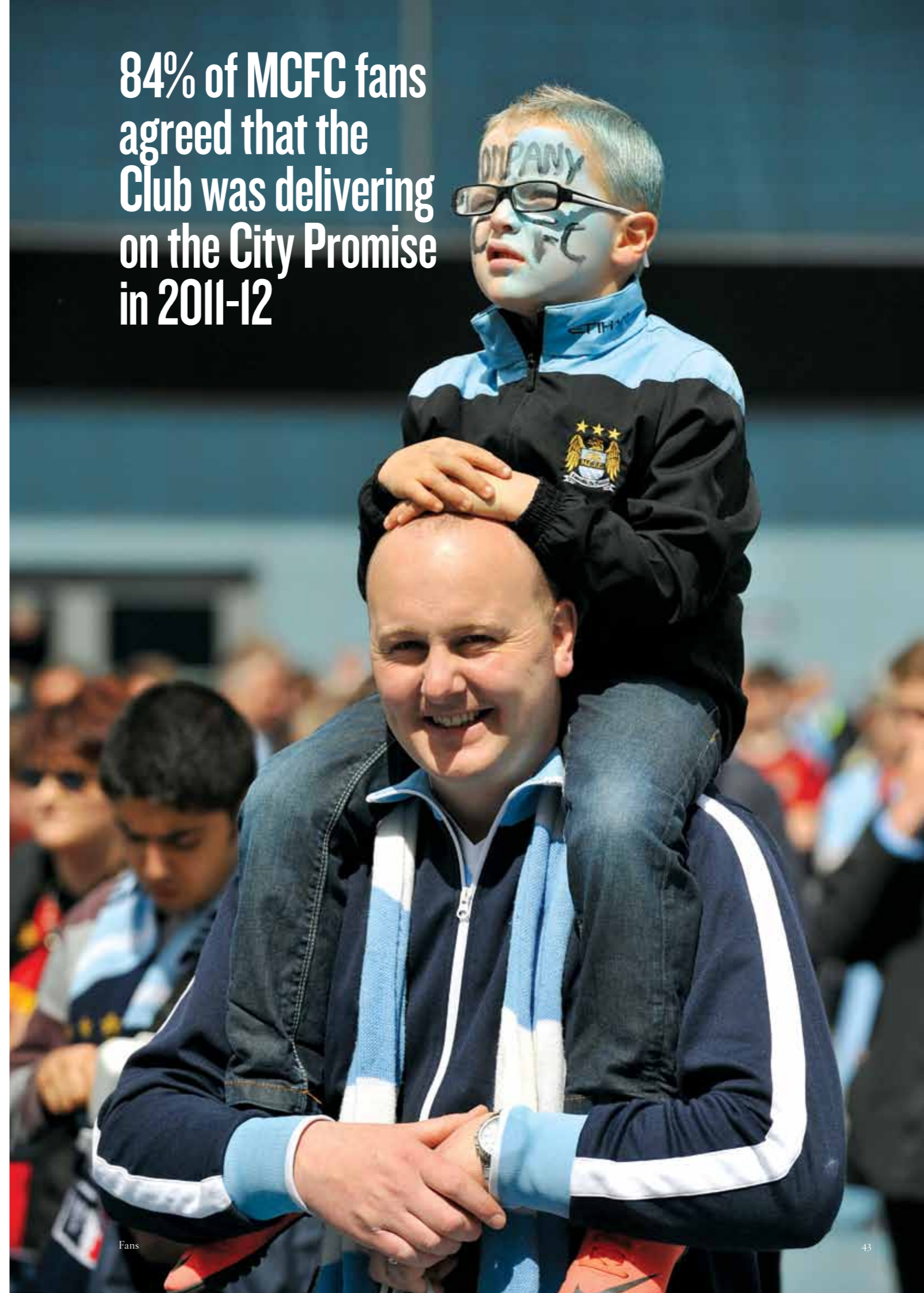
MCFC is the most improved Premier League Club for customer service over the last five years

Proportion of respondents who agree with the statement: 'my Club offers better service than it did 5 years ago'



Source: Premier League Match Attender Survey 2011-12

84% of MCFC fans agreed that the Club was delivering on the City Promise in 2011-12

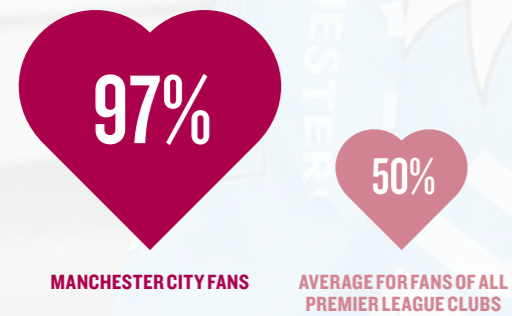


LISTENING TO OUR SUPPORTERS

- The Club continued its regular consultation with supporters during 2011-12 and implemented a number of new initiatives as a result.
- Fan surveys were conducted every quarter to monitor perceptions of the matchday experience, along with annual surveys of members to measure satisfaction with the new packages, and one-off surveys looking at other areas of interest to the Club. In addition, quarterly meetings were held to discuss upcoming developments at the Club.
- There were almost 30,000 responses from Manchester City supporters across the surveys conducted by the Club in 2011-12.
- Representatives of the Club attended 28 meetings with supporters associations during 2011-12.
- Initiatives such as the new ticket exchange programme, the comprehensive transport study, and the trialing of a dedicated 'Singing Stand' during a match in September 2011 were introduced in direct response to feedback and suggestions from our supporters.

97% of MCFC fans feel strongly positive towards the Club

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



Source: Premier League Match Attender Survey 2011-12



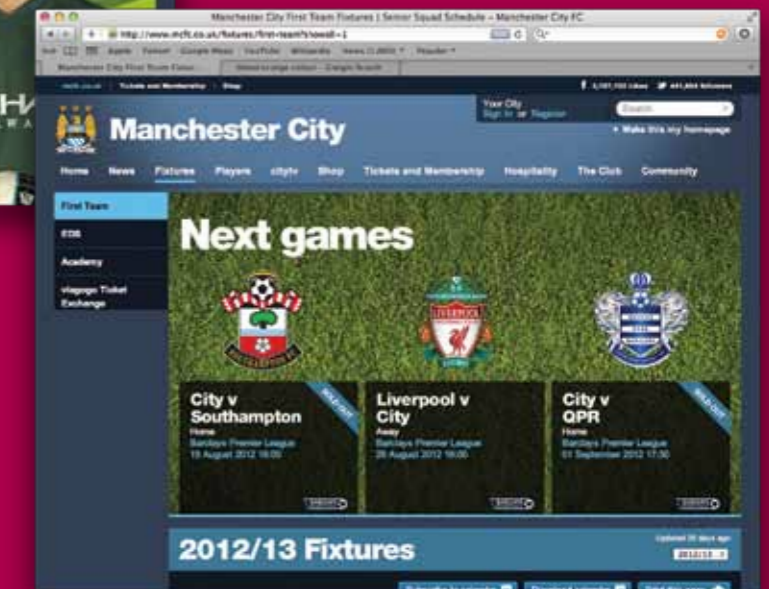
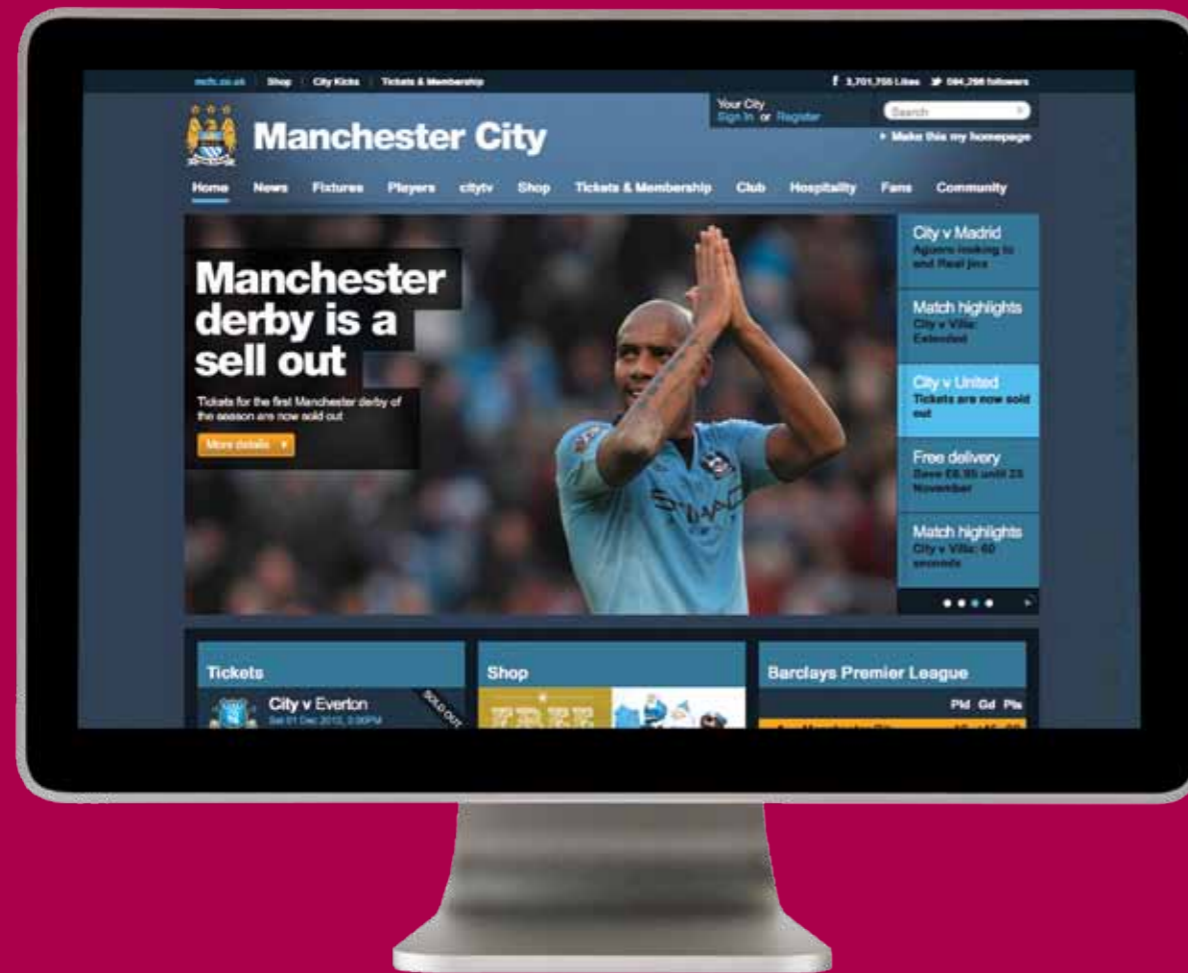
MCFC IN THE UAE

- Boosted by our expanded partnership with major sponsor Etihad Airways, the Club has accelerated its outreach to the United Arab Emirates through a number of initiatives during the year.
- Launched in October 2011, the Sky Blue membership programme is free to join and provides access to match screenings at UAE Fan Zones, discounted travel to Manchester and a 10% discount at the CityStore Abu Dhabi. The programme has already attracted more than 9,500 members.
- In May 2012, Club Ambassador Mike Summerbee led a visit to the UAE with the Barclays Premier League trophy that included a special reception for Sky Blue members, school visits involving more than 1,200 children and a special display of the trophy at the CityStore Abu Dhabi.
- Patrick Vieira visited the Abu Dhabi School of Football twice during the year and was the special guest at a matchday screening with Sky Blue members in the UAE in November 2011.
- In January 2012, the first of the Club's new International Schools of Football, created to deliver Manchester City training to school-aged children, was opened in Abu Dhabi. In its first season, almost 1,000 children between 5-17 years of age participated in football programmes at the facility under the guidance of the Club's coaches. Through partnerships established with five schools, the Abu Dhabi School of Football is also providing complementary football and fitness sessions to hundreds of children not formally enrolled in its programmes.



AWARD-WINNING WEB AND SOCIAL MEDIA OUTREACH

- The Club's award-winning website experienced a 33% increase in visits during 2011-12 with average time spent on the site up by more than 40 seconds per visit. Unique visitors to the English website were up nearly 30% on the previous year.
- The Club has modernised its content creation capabilities setting new standards in the provision of free and original video content that takes viewers behind-the-scenes on match days and at training. Video views on the website have doubled in the last year.
- Popular videos on the Club's website have included the Tunnel Cam and Inside City videos while behind-the-scenes footage of a Joe Hart overhead kick generated more than a million views on YouTube.
- In October 2011 the Club established a major commercial partnership with YouTube to create a dedicated channel for the provision of Manchester City content. This channel had gained more than 50,000 subscribers by summer 2012 and received almost 30 million views in the 2011-12 season.
- The number of fans registered on the Club's Facebook page has more than tripled to around 3 million by May 2012, with over 90% coming from outside the UK.
- The Club's number of Twitter followers has increased by 400% during 2011-12, where the #together hashtag was used to rally support for the team in the countdown to the end of the season. Not to be outdone, even Club cat Wimbleydon has attracted more than 2,000 followers on Twitter during the year.
- The Club's social media outreach to Arabic-language supporters has also been popular. The CityArabia Facebook page attracted an additional 23,000 Likes while the @CityArabia Twitter account gained an additional 50,000 followers between October 2011 and early-June 2012.
- The Club also created a groundbreaking partnership with FourSquare in March 2012.



“Manchester City did a great job this season connecting fans with the players and team they love. MCFC has been at the forefront of innovation in this area”

Lewis Wiltshire, Head of Sport for Twitter (UK)



300,000+



Twitter followers by May 2012

27M+ YouTube

video views on the MCFC YouTube channel in 2011-12

45M



visits to mcfc.co.uk in 2011-12

100%



increase in video views on mcfc.co.uk in 2011-12

3M



Facebook 'Likes' by May 2012

Source: Google Analytics, Twitter, Facebook

MCFC was awarded the best club website of teams competing in the Champions League 2011-12

Best Club websites of Champions League teams as ranked by Spanish web consultancy Departamento de internet based on criteria such as usability, design and quality

RANK	CLUB	POINTS
1	MANCHESTER CITY	92
2	OTELUL GALATI (ROMANIA)	91
3	ARSENAL	88
4	DINAMO ZAGREB (CROATIA)	85
5	SHAKHTAR DONETSK (UKRAINE)	82

Source: Departamento De Internet

MCFC was rated the best football team in the world in social media utilisation

Best sports teams globally as ranked by American creative market agency Activ8social based on criteria such as team interaction with fans, promotions and originality of content

RANK	CLUB	SPORT
1	LOS ANGELES LAKERS	BASKETBALL
2	MANCHESTER CITY	FOOTBALL
3	SAN FRANCISCO GIANTS	BASEBALL
4	NEW YORK GIANTS	US FOOTBALL
5	ST LOUIS CARDINALS	BASEBALL

Source: activ8social.com/2012/06/07/top-20-teams-in-social-media (June 2012)

Top 5 videos on mcfc.co.uk in 2011-12



1. City 3-2 QPR extended highlights
280,600 views



2. Man United 1-6 City highlights
206,000 views



3. Merry Christmas 2011
125,900 views



4. City 1-0 Man United highlights
119,300 views



5. City 3-2 QPR 60 second highlights
116,100 views

GROWING THE GLOBAL FAN BASE

- International outreach has been a major priority at Manchester City during 2011-12 with a particular focus on North and South America, Asia and the Middle East.
- A historic visit to China and Malaysia, including the playing of the China Cup against Arsenal at the Bird's Nest Stadium in Beijing, on the back of a record-breaking season in the Barclays Premier League further boosted the Club's profile in this important region. This was the Club's first visit to China in six years and first ever visit to Malaysia.
- Following its significant efforts to engage with Chinese audiences using social media, Manchester City had the second-highest number of followers of any football club on microblogging site Sina Weibo by June 2012, while Patrick Vieira and Sergio Agüero were amongst the five most followed global football players on the network.
- The new Manchester City International Schools of Football have been launched with the first established in Abu Dhabi in January 2012, the second in Lebanon in April 2012, and additional locations to follow. The International Schools of Football provide children with Manchester City-led coaching techniques and draw upon the Club's traditional strengths in youth development and community engagement.
- Manchester City is increasingly harnessing digital media – including web, social networks and online games – to engage with football fans worldwide. The Club has attracted large numbers of overseas fans to its official Facebook fan page and YouTube channel. In addition, Manchester City has become the third most played team on EA SPORTS FIFA 12 for Playstation and Xbox by gamers around the world, while an MCFC competition hosted in partnership with EA SPORTS FIFA Online attracted more than 900,000 entries from across Asia in only two months.
- Visits to mcfc.co.uk from users outside the UK were up by almost 50% in the 2011-12 season, with overseas visitors accounting for almost half of all visits to the site. Meanwhile, visits to the Arabic website trebled in 2011-12, following its successful relaunch in July 2011 with a dedicated editorial team.

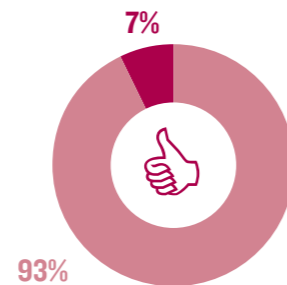
Manchester City was the third most played Club in the world on EA SPORTS FIFA 12

Number of plays in three months following the launch of the game



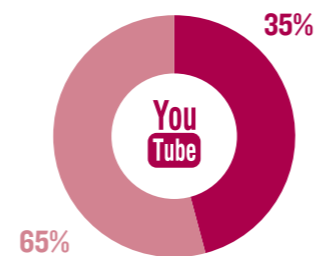
Source: EA SPORTS (plays on PlayStation and Xbox, September to December 2011)

Facebook 'likes' by end of 2011-12 season



■ UK
■ INTERNATIONAL

YouTube views for MCFC channel, 2011-12



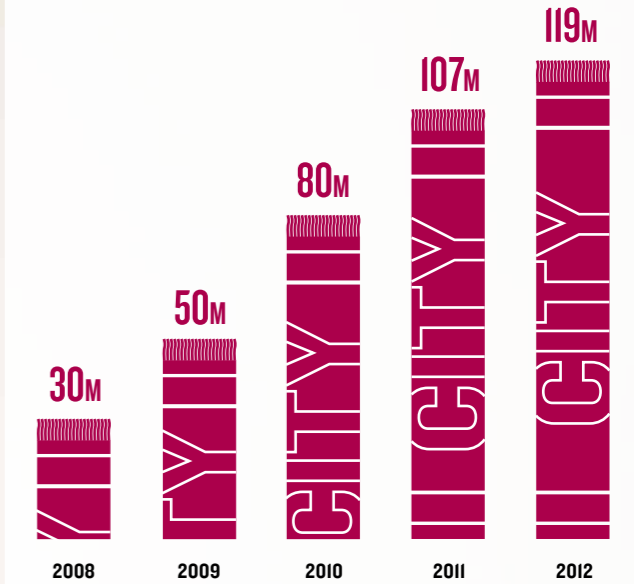
■ UK
■ INTERNATIONAL

Source: Facebook, Google Analytics

Almost 120 million football fans around the world are 'very interested' in Manchester City in 2012, four times as many as in 2008

4x more global football fans say they are 'very interested' in MCFC in 2012 compared to 2008

Number of global football fans who are very interested in Manchester City



Source: SPORT + MARKT



03.

COMMUNITY

OVERVIEW

Manchester City's commitment to the community has always been integral to its identity and remains at the heart of the Club's vision for the future.

This year we celebrated 25 years of the City in the Community (CITC) programme by positively impacting the lives of a further 230,000 people and extending the reach of this important initiative around the world. The donation of football pitches to communities in need in Los Angeles and Miami during the year, in addition to the official opening of the pitch donated to a school in New York in 2010, have shown how the concept of providing opportunities through football can travel with the Club wherever it goes.

We amplified the impact of the Club's fundraising arm this year through the establishment of the groundbreaking 'Shoot for the Moon' partnership with Sport Relief. This partnership between the Club, the CITC Foundation and Sport Relief combined the generosity of our supporters and staff with the fundraising expertise of Sport Relief to raise more than £250,000 for community initiatives in Greater Manchester. A total of £1.4 million was raised by the Club in 2011-12, up 40% on the previous year, including private funding, sponsorships and donations from supporters.

As always we have benefited significantly from the voluntary contributions of our players, management and employees to the Club's community initiatives through appearances, fundraising, and in the case of one determined group, a gruelling trek up one of the world's tallest mountains.

Recent innovations have also gained traction during 2011-12. In only their first year, the new Connell Awards have demonstrated how small grants can make a big difference to the work of people delivering community sport in East Manchester. Grants have been provided to seven organisations focusing on football, netball, boxing and other activities in the local area, with City employees also lending a hand to help one of our recipients improve their facilities.

From a long-term perspective, few projects will make a more positive contribution to the social and economic fabric of East Manchester than the City Football Academy (CFA) development. The project is expected to create more than 150 full-time equivalent (FTE) posts during the construction phase and around 90 net FTE jobs in Greater Manchester after construction. In addition to the remediation of 80 acres of contaminated land, and the establishment of a centre of excellence in a formerly deprived area, the approved plan also includes the donation of 5.5 acres of land dedicated to community use.

The Club's community focus continues to be recognised. The Premier League's 2011-12 Match Attender survey finds that 97% of MCFC fans believe the Club makes a significant contribution to the local community, while 86% of City fans believe the Club's contribution to the community has grown over the last five years. These figures are, respectively, 15 and 25 points higher than the Premier League averages.

As the Club's profile continues to grow around the world, we are committed to ensuring that the community values that have made people proud to be associated with Manchester City remain at the forefront of everything we do.



25 YEARS OF CITY IN THE COMMUNITY

- This year marked the 25th anniversary of the landmark City in the Community programme, which impacts more than 200,000 people within Manchester and beyond every year.
- CITC programmes have been delivered in areas as diverse as health and active lifestyle, community cohesion, skills and enterprise and football and multisport, all underpinned by the principle of providing opportunities through football.
- CITC works in partnership with approximately 200 schools per year across five neighbouring boroughs within Greater Manchester.
- The CITC enterprise programme was shortlisted to the final four of more than 400 organisations from over 100 countries evaluated by the Beyond Sport Awards, while the CITC 'Strike a Balance' healthy schools programme won the North West Football Awards Community Project of the Year Award.
- In April 2012, the Club launched One City Disability – a disability programme supporting football, rugby, tennis, netball and athletics across ten schools in Manchester.

“Manchester City stood out from the other Clubs from all around the world because they take an innovative approach to improving lives in disadvantaged communities. The Club uses the power of football to inspire and develop an entrepreneurial mind-set amongst young people [...] Beyond Sport is proud to have deemed this programme one of best practice in community engagement throughout the world.”

Judges of Beyond Sport Awards



City in the Community: breakdown of participation by kind of activity in 2011-12 (percentage of total hours of participation)



Source: Manchester City

City in the Community's activities resulted in more than 42,000 hours of participation in local projects in 2011-12



CITY AND SPORT RELIEF SHOOT FOR THE MOON

- In March 2012 the Club announced the establishment of Shoot for the Moon – a groundbreaking partnership between Manchester City Football Club, the City in the Community Foundation and Sport Relief. The partnership enables City in the Community to benefit from the fundraising expertise and profile of Sport Relief to support initiatives focused on Greater Manchester.
- All funds raised through Shoot for the Moon are shared between a chosen Manchester charity, a chosen North East Manchester Charity, the Connell Awards and City in the Community, helping to ensure our local community benefits most from this innovative partnership.
- A highlight of the Shoot for the Moon partnership was “Giving Week” in March 2012 during which the first team played in shirts embroidered with the Sport Relief logo, City supporters and staff ran in the Sainsbury’s Sport Relief Mile, CityTV featured videos of the Club’s philanthropic work and two charities – Manchester Actionnaires (part of Action For Blind People) and Factory Youth Zone – were announced as this year’s chosen outside charities.
- Through the Blue Santa Stroll in December 2011, officially opened by Roberto Mancini, more than a thousand people braved the elements to raise more than £53,000 for Shoot for the Moon.
- In the first year of this innovative partnership, more than £250,000 was raised through the Shoot for the Moon partnership with all funds to be directed towards programmes in Manchester.



INAUGURAL CONNELL AWARDS SUPPORT COMMUNITY SPORT INITIATIVES

- Launched in August 2011, the inaugural Connell Awards – a new initiative designed to provide grants to community-based sport initiatives in the East Manchester area – attracted a positive response from the local community.
- Inspired by the Connell family, whose actions in East Manchester led to the foundation of the football club that would become Manchester City, the awards seek to harness the energy and goodwill of the local community rather than focusing on its challenges.
- Individuals and organisations delivering community sport in East Manchester are invited to submit applications for small grants from the value of £300 up to £5,000 to support their work.
- This year seven grants were awarded to a mix of organisations including Ardwick Boxing Club, the Abraham Moss Warriors Youth Football Club, the Dominoes Netball Club, AFC Clayton, Company Fierce Academy, Ashbury Meadow Primary School and Reach Out.
- The Club is currently calling for applications from local organisations seeking support for community sport initiatives during 2012-13.



THE CITY FOOTBALL ACADEMY (CFA) PUBLIC CONSULTATION

- Through our City Football Academy (CFA) project the Club is making a historic contribution to the regeneration of the East Manchester area.
- Community consultation has been paramount. From July to September 2011, a six-week consultation period was held during which the public was invited to visit an exhibition at the Etihad Stadium explaining the proposed development and to provide feedback. The exhibition information was also made available online for those not able to visit the stadium.
- Almost 3,000 people visited the exhibition in person during the consultation period and the proposed development received a 98% approval rating from respondents.
- Following this public consultation, a formal planning application was submitted to Manchester City Council in September 2011, and the proposed development was unanimously approved.
- It is estimated that the scheme will provide more than 150 full time equivalent posts during construction, with a local employment target of 70%. In addition, after the construction phase, around 90 net FTE jobs are expected to be created in Greater Manchester at a range of levels and occupations, also with a local employment target of 70%. The remediation work alone – during which 70 people were employed – has already achieved a local employment rate of more than 75%, with more than 60% of local workers on site coming out of long-term unemployment.
- Manchester City Football Club is committed to working with local companies to source as much of the materials, equipment and services for the construction and operation of the CFA as possible. For the constraints removal phase alone, 85% of the total planned value of the work is to be spent within Greater Manchester.
- The development is being planned with great consideration for the environment. In addition to the remediation of a large block of previously contaminated land, a careful selection of plant life will support biodiversity in the area, recycled materials will be used where appropriate, and the Club is setting ambitious goals for the efficiency of buildings on the site. By combining its operations on a single site, it is estimated that more than 50,000 miles of travel will be saved, greatly reducing the Club's carbon footprint.
- The Club is providing up to 5.5 acres of land dedicated for community facilities identified by Manchester City Council based on its consultations with the local community. Planned community facilities as part of the 'Beswick Project' include a 600-place Sixth Form Academy, a sports science and medicine centre – one of only three such facilities in the UK – and a community leisure centre. These community facilities will together generate another 125 local full and part-time jobs.

Environmental benefits of CFA plans



saved in road travel with fewer journeys between sites



trees and native hedgerows being planted



Increased efficiency – buildings being developed to achieve BREEAM excellent rating

Economic and social benefits of CFA plans



net full time equivalent CFA jobs



of jobs available to local people



of local people employed during remediation process drawn from the long-term unemployment register



contribution to new community facilities (Sixth Form Academy, Sports Science Institute and Sports Facility)



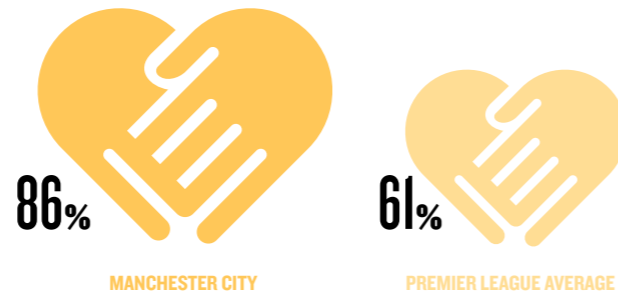
created in community facilities

CITY EMPLOYEES AND FANS BACK COMMUNITY INITIATIVES

- Members of MCFC's playing and coaching staff have been generous with their time during the year, making appearances and lending their support to the many philanthropic initiatives of the Club and its partners in the local community.
- MCFC non-playing staff have volunteered their time to a number of local organisations during the year, including helping out with cleaning, painting and general repairs when Connell Award winner, the Ardwick Boxing Club, transferred to a new site.
- City employees led a staff lunch to support Sport Relief, supported Club mascots Moonchester and Moonbeam in the BBC Sport Relief Mile, and participated in the Sainsbury's Sport Relief mile and in the Yorkshire Three Peaks Challenge. Meanwhile, one group of MCFC staff undertook the challenge of climbing Mt Kilimanjaro in April 2012 to raise funds for Shoot for the Moon and Cardiac Risk for the Young.
- There is strong recognition amongst MCFC staff of the Club's community activities. Results from our recent staff surveys revealed that 92% of staff believe that MCFC is actively involved with the local community.
- The Premier League's 2011-12 Match Attender survey showed that Manchester City's fans also recognise the Club's significant, and growing, contribution to its community.

86% of MCFC fans believe the Club's contribution to the community has grown over the last five years

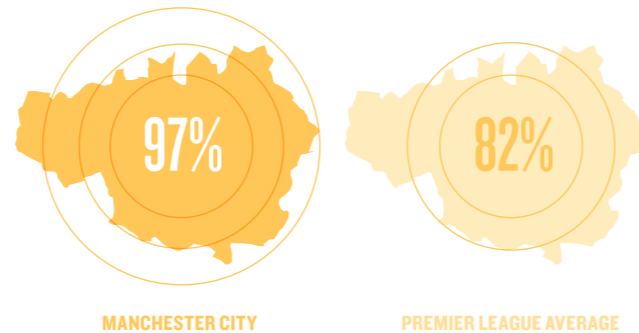
Proportion of fans responding to Premier League survey who agreed with the following statement about the club that they support: 'My club makes a greater contribution in its community than five years ago'



Premier League Match Attender Survey 2011-12

97% of MCFC fans believe the Club makes a significant contribution to the local community

Proportion of fans responding to Premier League survey who agreed with the following statement about the club that they support: 'My club already makes a significant contribution to the local community'



Premier League Match Attender Survey 2011-12

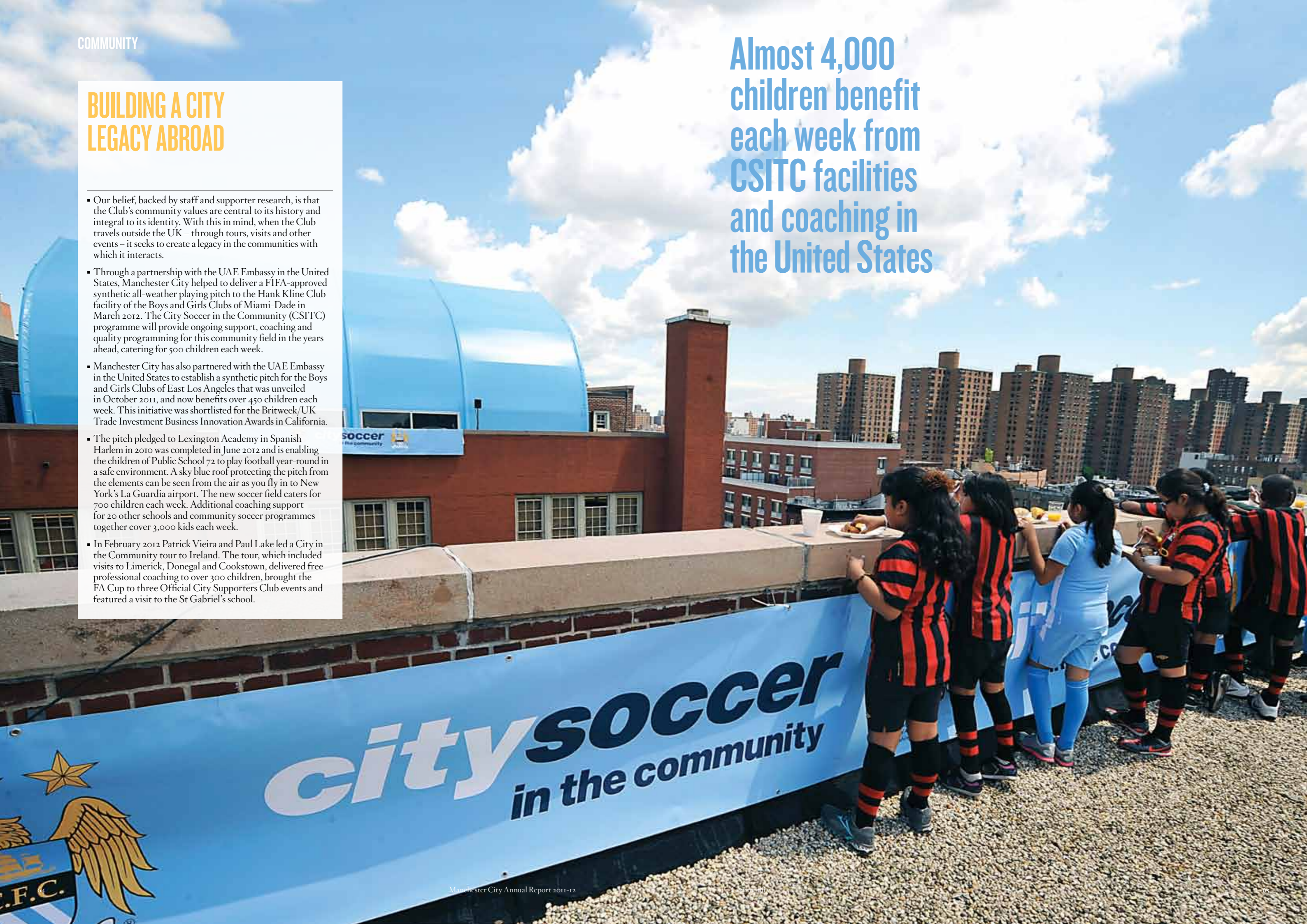
MCFC was the leading Premier League club on 5 of the 6 statements relating to community surveyed by the Premier League in its latest national fan survey



BUILDING A CITY LEGACY ABROAD

- Our belief, backed by staff and supporter research, is that the Club's community values are central to its history and integral to its identity. With this in mind, when the Club travels outside the UK – through tours, visits and other events – it seeks to create a legacy in the communities with which it interacts.
- Through a partnership with the UAE Embassy in the United States, Manchester City helped to deliver a FIFA-approved synthetic all-weather playing pitch to the Hank Kline Club facility of the Boys and Girls Clubs of Miami-Dade in March 2012. The City Soccer in the Community (CSITC) programme will provide ongoing support, coaching and quality programming for this community field in the years ahead, catering for 500 children each week.
- Manchester City has also partnered with the UAE Embassy in the United States to establish a synthetic pitch for the Boys and Girls Clubs of East Los Angeles that was unveiled in October 2011, and now benefits over 450 children each week. This initiative was shortlisted for the Britweek/UK Trade Investment Business Innovation Awards in California.
- The pitch pledged to Lexington Academy in Spanish Harlem in 2010 was completed in June 2012 and is enabling the children of Public School 72 to play football year-round in a safe environment. A sky blue roof protecting the pitch from the elements can be seen from the air as you fly in to New York's La Guardia airport. The new soccer field caters for 700 children each week. Additional coaching support for 20 other schools and community soccer programmes together cover 3,000 kids each week.
- In February 2012 Patrick Vieira and Paul Lake led a City in the Community tour to Ireland. The tour, which included visits to Limerick, Donegal and Cookstown, delivered free professional coaching to over 300 children, brought the FA Cup to three Official City Supporters Club events and featured a visit to the St Gabriel's school.

Almost 4,000 children benefit each week from CSITC facilities and coaching in the United States



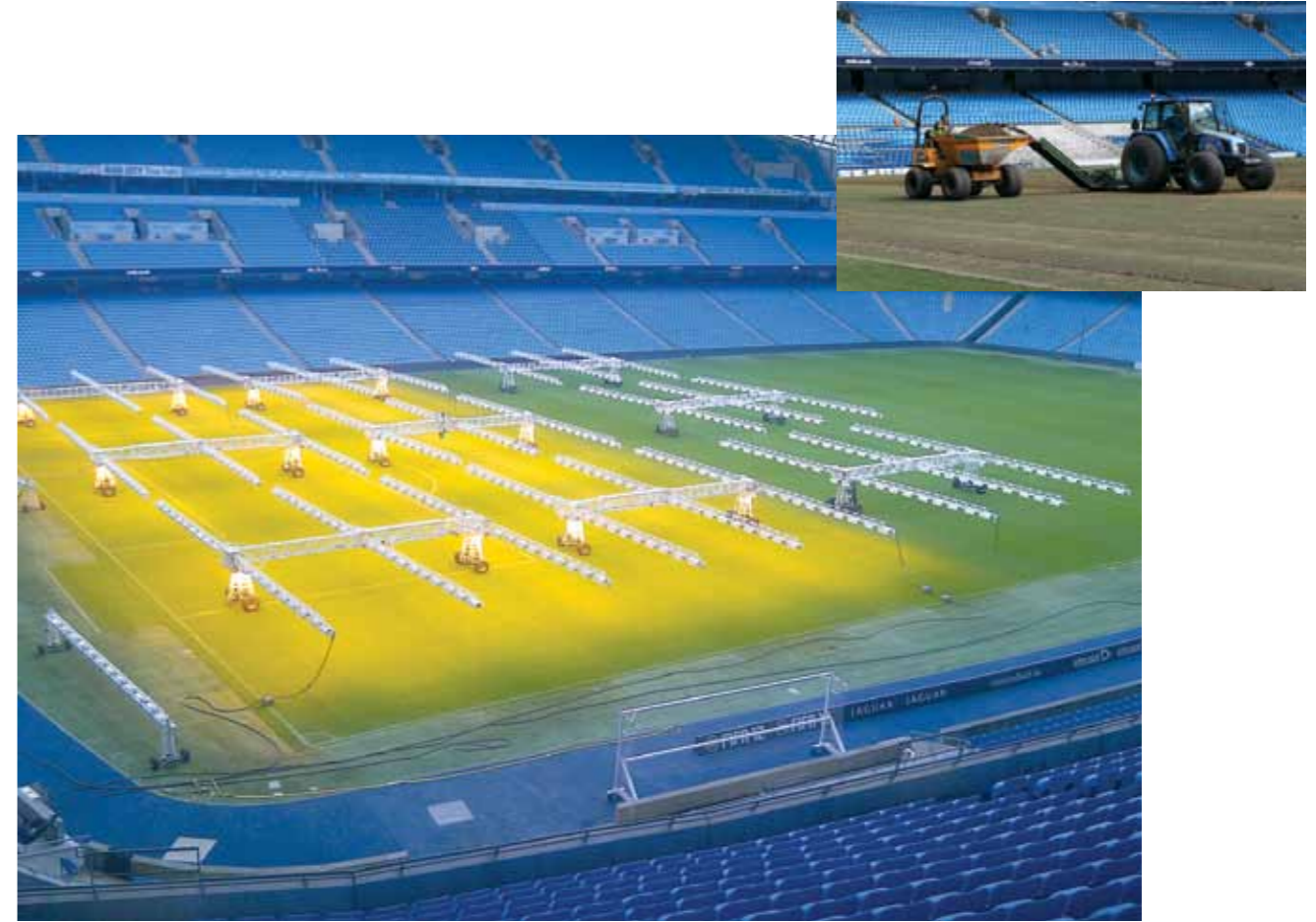
RESPONSIBLE CORPORATE CITIZENSHIP

- This year the Club updated its procurement policy to reflect its commitment to local purchasing and sound environmental practices. This included new measures to expand the use of local suppliers and the inclusion of the Club's environmental impact policy in contracts to ensure suppliers can adhere to it or an equivalent standard.
- A number of the Club's suppliers worked with City employees to help paint, clean and repair a new site for one of our Connell Award winners, while others have established their own community activities relating to their work with us in East Manchester.
- In October 2011, the Club attained accreditation recognising the purchasing of 100% of its energy from renewable sources while maintaining its waste management performance so that zero waste from its main site goes to landfill.
- Through careful planning, the grounds team has managed to significantly reduce the amount of electricity required for growing lamps used in the preparation of the Etihad Stadium pitch while maintaining the standard of the playing surface.
- As a result of environmental initiatives such as these, Manchester City has reduced the average consumption of energy, gas and oil per event (including both football and non-football events) at the Etihad Stadium in 2011-12. Only water usage rose, due to construction works and the laying of new all-year pitches.

Change in power consumption at the Etihad Stadium – average per event* (2011-12 compared to 2010-11)



* Football matches, summer concerts and other hosted events



04. COMMERCIAL & OPERATIONS

OVERVIEW

This year Manchester City has increased commercial revenue through expanded partnerships and the flow-on benefits of success on the pitch.

Annual turnover has increased by more than 50% during 2011-12 to £231.1m, exceeding the £200m threshold for the first time in the Club's history. The Club has also strengthened its commercial and operational capabilities in order to prepare for the next stage in its development.

Manchester City has experienced comprehensive growth across all of the Club's commercial revenue streams during the 2011-12 financial year. Commercial partnership revenues increased by 100% from £48.5m to £97.0m, underpinned by a comprehensive new partnership with Etihad Airways, additional new commercial partnerships and improved renewals. Television rights income increased by 28% from £68.8m to £88.2m, driven primarily by our best ever result in the Barclays Premier League and participation in the UEFA Champions League. There was a 13% rise in hospitality, catering, conference and events revenue, from £10.4m to £11.7m, driven primarily by increased demand for match day hospitality and catering at the Etihad Stadium during the historic 2011-12 season. And ticketing revenues increased by 11% from £19.7m to £21.9m, driven primarily by record average attendance in the Barclays Premier League and participation in the UEFA Champions League.

The establishment of a comprehensive ten-year partnership with Etihad Airways was the commercial highlight of the year. Announced in July 2011, the agreement included an extension of the existing shirt sponsorship deal, naming rights for the Etihad Stadium and surrounding Campus, and broader cooperation between the two businesses on commercial, media and community initiatives.

It has been a big year at the Etihad Stadium. In addition to attracting more than one million visitors through all football competitions in 2011-12 and hosting the highest-rating sporting event of any kind in Sky Sports' history in the UK, the Etihad Stadium has been used in the off-season for a number of high-profile music and sports events. Timed to enable our grounds team to prepare the pitch in time for the season, these non-football events bring more people into contact with our world-class facilities while delivering additional revenue to the business.

The Club continues to improve the variety and quality of its facilities. Building on the success of experiential Harvey Nichols and Heineken hospitality boxes this season, we have refurbished The Mancunian restaurant and established a new Connell Club to broaden the experiences available on matchdays during 2012-13. Hospitality revenues have risen by more than 50% since 2008-09.

To achieve the Club's goal of achieving financial sustainability, international outreach remains paramount. The Club is increasingly using its award-winning website and social media platforms to engage with international audiences in more meaningful ways. The team's 2012-13 pre-season tour to China and Malaysia has again demonstrated the ability of the Club to combine its football, commercial and community capabilities in an international context to boost the Club's profile in new markets. And looking ahead, the establishment of a new global kit deal with Nike will further expand the presence of the Manchester City brand around the world from the beginning of the 2013-14 season.

As always, the success of Manchester City continues to rely on the energy and talents of its people. This year we have restructured a number of parts of the organisation and made some important new appointments to keep driving the business forward. We have strengthened our employee engagement initiatives and expanded opportunities for staff-led initiatives to be proposed and put into practice. In addition, the Club is delivering world-class leadership training to its employees at all levels consistent with our commitment to high performance across the organisation.



DEEPENING OF PARTNERSHIPS AND ESTABLISHMENT OF NEW ONES

- During 2011-12, the Club completed more than 20 individual commercial deals with new Club partners, new player partners, and through tour-related opportunities and the International Schools of Football.
- The Club has deepened its relationships with existing partners, executing almost 250 individual commercial activation projects during the year tailored to the priorities of individual companies.
- The Club's partnerships with Etihad Airways and EA SPORTS were particularly innovative in their design. The Club also set a powerful precedent for category segmentation within the betting category by partnering with Ladbrokes in the Stadium, Paddy Power in the UK and Ireland and Mansions internationally.
- Manchester City's partnership with EA SPORTS was nominated for Best Sponsorship Of A Sport Team in the Sport Industry Awards 2012.
- The Club has successfully teamed up players Sergio Agüero, Joe Hart and Edin Džeko with some of the world's best known brands during the year as part of a broader strategy to harness the commercial value of our players more effectively.

- The Club has opened a dedicated partnerships office in London, tripled the size of its partnerships sales team and doubled the size of its client services team. We have also established a dedicated resource to more actively facilitate player-related commercial opportunities.
- In May 2012, the Club announced the appointment of Tom Glick, CEO of Derby County Football Club, to the position of Chief Commercial and Operating Officer from August 2012.
- Also in May 2012 the Club announced a new global kit supply partnership with Nike to commence from the 2013-14 season that will greatly expand the availability of Manchester City kit around the world.
- These initiatives build upon the Club's growing media value. According to an independent valuation of the media exposure generated by sponsorship assets in Premier League matches, Manchester City's media value was estimated to be just under £400 million in 2011-12, a 58% rise on the previous season.

"EA SPORTS' partnership with Manchester City strives to break the norm by together creating new, fun and exciting fan experiences through digital content, stadium experiences and 'in-game' content"

Tom Henderson, EA SPORTS Content & Partnerships Activation Manager – FIFA

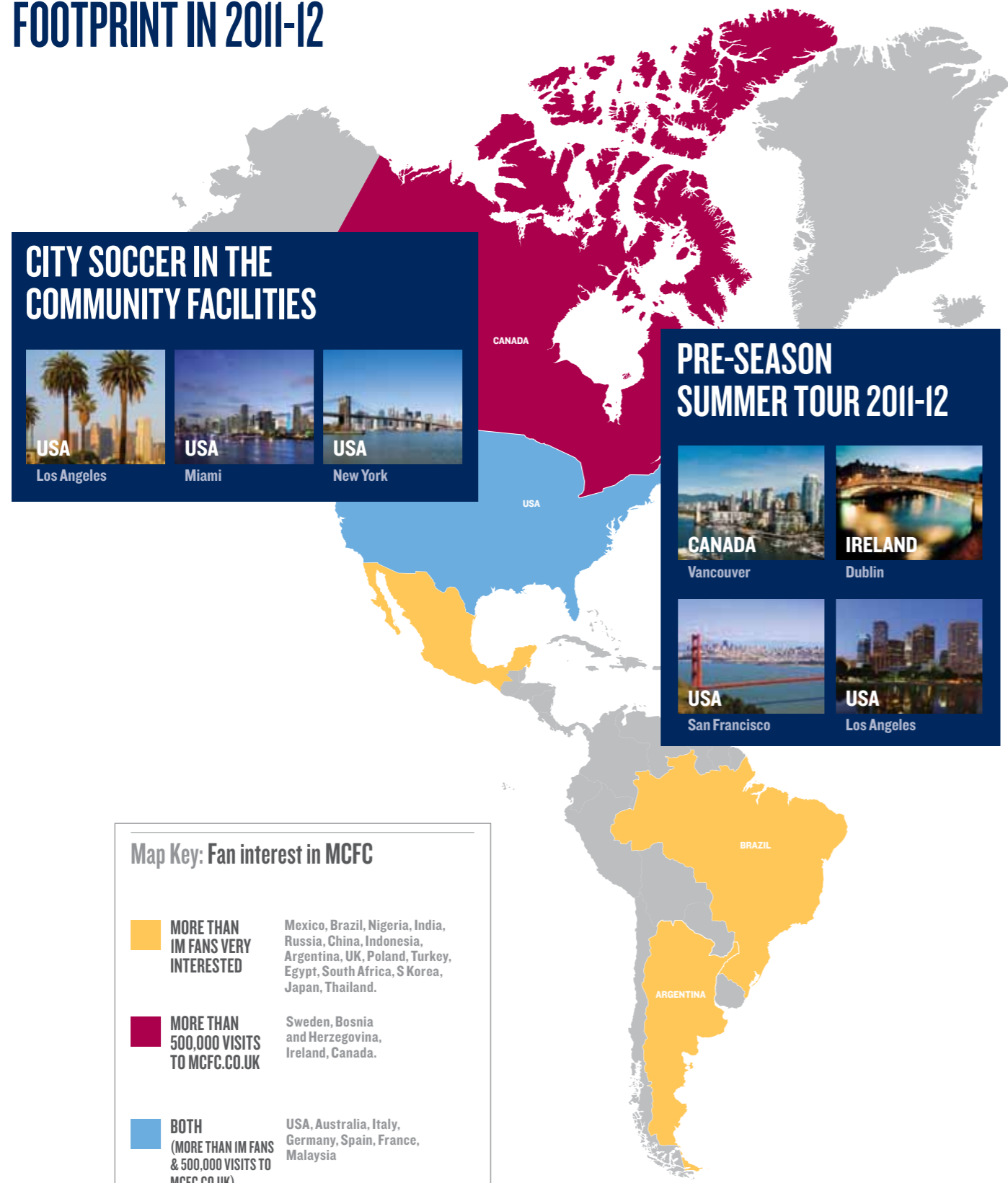


LANDMARK TEN-YEAR PARTNERSHIP WITH ETIHAD AIRWAYS

- In July 2011 the Club announced a comprehensive ten-year partnership with Etihad Airways including an extension of the existing shirt sponsorship, naming rights for the Etihad Stadium and surrounding Campus, and broader cooperation between the two businesses on commercial, media and community initiatives.
- This year the newly-named Etihad Stadium received over a million visitors across all football competitions. As the site of the Club's historic triumph in the Barclays Premier League, the Club's inaugural season in the UEFA Champions League and the highest-rating sporting event of any kind in Sky Sports' history, the international profile of the Etihad Stadium grew significantly during the year.
- It was announced this year that the Etihad Campus will contain, among other facilities, the new City Football Academy (CFA) – a planned centre of excellence for youth training and development.
- Building on the partnership between Manchester City and Etihad Airways, a new Sky Blue membership was established in October 2011 for City fans in the UAE. Free to join, the membership provides access to match screenings at UAE Fan Zones, discounts on flights to Manchester and a 10% discount at the CityStore in Abu Dhabi.
- Manchester City and Etihad Airways have also partnered on individual commercial initiatives during the year, including special promotions for MCFC members and supporters, and on community initiatives in Manchester and around the world.
- A sky blue MCFC-branded Etihad Airways A330-200 has served as a flagship for the growing partnership between the two organisations on the popular Abu Dhabi-Manchester route.



MCFC'S GLOBAL FOOTPRINT IN 2011-12



PARTICIPATION IN EUROPEAN COMPETITION



WORLD-CLASS FACILITIES AND OPERATIONAL EXPERTISE

- MCFC was the leading Premier League Club in eight of the categories relating to fan experience in the Premier League's 2011-12 National Fan Survey. The Club ranked first in the Premier League in terms of how welcome people are made to feel at the Etihad Stadium, the quality of facilities for children and the cleanliness of our facilities, and second in the Premier League for sightlines in the Etihad Stadium, the quality of food and the performance of our staff in dealing with complaints.
- The Premier League Fan Survey also found MCFC to be the most improved Premier League club for customer service over the last five years with 82% of fans agreeing that MCFC offers better service than it did five years ago.
- City fans spent an average of 12 minutes in City Square before entering the stadium on matchdays.
- The Harvey Nichols and Heineken experiential boxes set new standards for the matchday experiences on offer in the Etihad Stadium during the 2011-12 season. Building on this experience, the Club has refurbished the Mancunian Suite and converted the former Boardroom Suite into the new Connell Club for 2012-13, with both spaces providing new and unique spaces for hospitality guests.
- During 2011-12 the Etihad Stadium has hosted concerts by Take That, Bruce Springsteen and Coldplay in addition to the rugby league Magic Weekend in May 2012. Timed in consultation with our grounds team, these off-season events help to boost the profile of the Etihad Stadium and generate additional revenue for the Club.
- The Club has continued to improve its health and safety performance with our Academy achieving a score of 97% in a Premier League Health and Safety (H&S) Audit Review and Assessment, and other facilities such as Platt Lane (97%), Carrington (89%), CitySquare (87%) and the Etihad Stadium (92% average) performing well in Food Hygiene and H&S Inspection Audits. The introduction of a Health and Safety e-learning system during the year is expected to further boost H&S compliance and awareness.
- Manchester City has won a raft of industry awards for its facilities and hospitality. These include the Club's third consecutive Media Choice Award – as voted for by national press and reporters attending matches – at the Stadium Experience Official Football Hospitality Awards 2012.



In the Premier League's 2011-12 fan survey, MCFC was the top-ranking club in eight fan experience categories



ENGAGEMENT WITH OUR EMPLOYEES

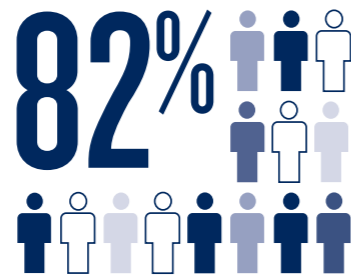
- Employee engagement has been expanded through an annual staff survey, soon to be augmented by a bi-monthly employee forum.
- Staff surveys explore topics such as work satisfaction, benefits, communications, leadership, community, performance development, training, diversity and staff volunteering.
- The 2011-12 survey found that 97% of our employees are proud to work at Manchester City (up 2 percentage points on the previous year), 92% believe the Club is actively involved with its local community, and 82% believe Manchester City is a welcoming place for staff regardless of age, race, sexual orientation, disability or gender.
- A new staff-led initiative known as Blue Sky Thinking has established a system in which employees can propose new ideas for the organisation and be rewarded if their suggestions are put into practice.
- MCFC employees have also been active supporters of the Club's community and philanthropic initiatives including staff volunteering and individual fundraising efforts.
- The Club is now providing leadership programmes to its employees across the organisation to support personal and professional development while simultaneously delivering higher standards.



Results from Manchester City 2011-12 Employee Satisfaction Survey:



of MCFC staff are proud to work at the Club



of staff agree that MCFC is a welcoming place for staff regardless of age, race, sexual orientation, disability or gender



of staff believe that MCFC is actively involved with the local community



AWARDS

AWARD-WINNING PERFORMANCES BY MCFC

- Silver Award, MCFC Official Website, Lovies, 2011 (November 2011)
- Winner, Sport Website of the Year, Sport Industry Awards, 2012 (May 2012)
- Bronze Award, Best Online Campaign for MCFC Fan Cam, Roses Creative Awards, 2012 (May 2012)



Barclays Premier League
(2011-12 season)



Barclays Player of the Season
(Barclays Premier League) for Vincent Kompany (May 2012)



Under-18s, Al Ain International Juniors Championship
(Abu Dhabi)



Winner, Professional Football Training Ground Team of the Year, IOG Industry Awards 2011
(December 2011)

Winner, Professional Sports Grounds Management Team of the Year, IOG Industry Awards 2011
(December 2011)

Team of the Year, MBNA Northern Sports Awards, 2011
(July 2011)



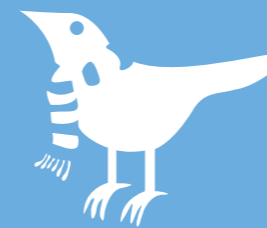
Four players included in Professional Footballers' Association (PFA) Team of the Year 2012 for the Barclays Premier League, more than any other club (April 2012)



Under-12 category, Barclays Premier League Futsal Finals
(February 2012)



Community Scheme Project of the Year for City in the Community's Strike A Balance, MBNA Northwest Football Awards, 2011
(November 2011)



Winner, Sponsorship, Sales & Marketing Award, Stadium Business Awards, 2011
(June 2011)



MCFC Official iPhone app, Lovies, 2011
(November 2011)



- Media Choice Award, Stadium Experience – Official Football Hospitality Awards, 2012 (voted for by national press and reporters attending matches) (May 2012)
- Silver, Conference & Events Sales & Marketing Award, Stadium Experience – Official Football Hospitality Awards, 2012 (May 2012)
- Winner, Customer Experience Award for City Square – Etihad Stadium, Stadium Business Awards, 2012 (May 2012)

05. FINANCIAL REPORT

MANCHESTER CITY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012
REGISTERED NUMBER 2989498

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Directors

DIRECTORS

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

CLUB SECRETARY

R Baker

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

Financial Review

Manchester City Football Club has undergone a significant period of investment since its acquisition by the Abu Dhabi United Group (ADUG) in 2008. The Club's performance in the 2011-12 reporting period demonstrates the tangible and positive impacts of that investment across many areas of our operations.

Firstly, we have delivered, as planned, a significantly improved financial result. The Club's financial losses have more than halved during 2011-12 compared with those recorded in the previous year. This improvement has been driven by increases in broadcast, match day, ticketing and partnerships revenue, reflecting broad based growth in the Club's commercial performance.

Secondly, the Club's player recruitment strategy has transitioned from one of rebuilding to one of refinement. With a relatively young squad that has won an FA Cup and a Barclays Premier League in consecutive seasons, our recruitment needs have been reduced. As a result, the amortisation of player contracts and the net impact of player trading on the Club's bottom line has decreased by 27% (£30.3m) over the previous year, consistent with our belief that the peak of the Club's investment in its playing squad has passed.

Thirdly, we are benefitting both directly and indirectly from the team's improved performance on the pitch. Manchester City's first year in the UEFA Champions League contributed more than £22 million in new revenue during 2011-12, in addition to boosting the Club's commercial value and international profile. Our best ever finish in the Barclays Premier League for the third consecutive year has also generated increased broadcast, match day and ticketing revenue during the 2011-12 season and confirmed our place among the world's leading clubs.

For 2011-12, the Club has reported a net loss of £97.9m, down from £197.5m in the previous year. Encouragingly, the Club's annual turnover has increased by more than 50% from £153.2m in 2010-11 to £231.1m, exceeding the £200m threshold for the first time in our history.

The capital base of the Club has also been strengthened through the issuing of £169m in new equity during the year.

Financial highlights for 2011-12 are as follows:

- Ticketing revenue increased by 11% from £19.7m to £21.9m, driven primarily by record average attendance in the Barclays Premier League and participation in the UEFA Champions League.
- Television rights income increased by 28% from £68.8m to £88.2m, driven primarily by our best ever result in the Barclays Premier League and participation in the UEFA Champions League.
- Commercial partnership revenue increased by 100% from £48.5m to £97.0m, underpinned by a comprehensive new partnership with Etihad Airways, additional new commercial partnerships and improved renewals.
- Hospitality, catering, conference and events revenue increased by 13% from £10.4m to £11.7m, driven primarily by increased demand for match day hospitality and catering at the Etihad Stadium during the historic 2011-12 season.

Looking ahead, the Club has continued to put in place the foundations necessary for the establishment of a successful and sustainable business. Most notably, the City Football Academy (CFA) received planning approval from Manchester City Council in December 2011 following an extensive public consultation. The Club has now appointed a construction partner for the project and announced its intention to open the new facilities in advance of the 2014-15 season.

G Wallace
COO
28 September 2012

Board of Directors

The Board of Directors comprises:

KHALDOON AL MUBARAK (CHAIRMAN)

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

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 twofour54, an initiative to accelerate the development of the media sector in the UAE and the 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 board member 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 August 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.

Report of the Directors

The Directors submit their report and the financial statements for the year ended 31 May 2012.

RESULT FOR THE YEAR

The loss for the financial year was £97,857,000 (2011: £197,491,000). The Directors do not propose a dividend (2011: £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

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.

KEY PERFORMANCE INDICATORS

The key performance indicators relevant to the Group's performance are disclosed in more detail within the Financial Review.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political contributions. Donations to UK charities amounted to £231,027 (2011: £695,825).

SUPPLIER PAYMENT POLICY

The Group had 16 days (2011:11 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.

DIRECTORS

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

K Al Mubarak (Chairman)
 M Edelman
 S Pearce
 G Cook (Resigned 9 September 2011)
 M Al Mazrouei
 J MacBeath
 A Galassi

EMPLOYEE INVOLVEMENT

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

DISABLED EMPLOYEES

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

AUDITORS

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

On behalf of the Board

J MacBeath
 Director
 28 September 2012

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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 2012 which comprise the consolidated profit and loss account, the consolidated balance sheet, the consolidated statement of total recognised gains and losses, the consolidated note of historical cost profits and losses, 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, part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 May 2012 and of its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Julien Rye (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom
28 September 2012

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

Group Profit and Loss Account

FOR THE YEAR ENDED 31 MAY 2012

	Note	Year ended 31 May 2012 £000	Year ended 31 May 2011 £000
Turnover	2	231,140	153,186
Other operating income	28	12,800	-
Operating expenses - other	3	(265,000)	(229,822)
Operating expenses - amortisation of players		(83,031)	(83,847)
Operating loss before exceptional items		(104,091)	(160,483)
Operating expenses - exceptional items	3	-	(34,448)
Total operating expenses		(348,031)	(348,117)
Operating loss		(104,091)	(194,931)
Profit on disposal of players		10,647	5,344
Loss before interest and taxation		(93,444)	(189,587)
Interest receivable and similar income	6	1,815	88
Interest payable and similar charges	7	(2,738)	(4,610)
Stadium finance lease charges		(4,338)	(3,382)
Loss on ordinary activities before taxation		(98,705)	(197,491)
Taxation	8	848	-
Loss on ordinary activities after taxation	19	(97,857)	(197,491)

The results for both years relate to continuing operations.

The notes on pages 95 to 114 form part of these financial statements.

Statement of Group Total Recognised Gains and Losses

FOR THE YEAR ENDED 31 MAY 2012

	Year ended 31 May 2012 £000	Year ended 31 May 2011 £000
Loss for the financial year	(97,857)	(197,491)
Unrealised deficit on revaluation of properties	(17,141)	-
Total recognised losses for the year	(114,998)	(197,491)

Note of Group Historical Cost Profits and Losses

FOR THE YEAR ENDED 31 MAY 2012

	Year ended 31 May 2012 £000	Year ended 31 May 2011 £000
Loss on ordinary activities before and after taxation	(97,857)	(197,491)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	1,214	1,214
Historical cost loss on ordinary activities before and after taxation	(96,643)	(196,277)

The notes on pages 95 to 114 form part of these financial statements.

Balance Sheets

AS AT 31 MAY 2012

Registered number: 2989498

	Note	Group		Company	
		2012 £000	2011 £000	2012 £000	2011 £000
Fixed assets					
Intangible assets	10	226,244	231,771	-	-
Tangible assets	11	219,969	214,051	-	-
Investments	12	-	-	46,486	46,486
		446,213	445,822	46,486	46,486
Current assets					
Debtors	13	86,539	42,964	279,872	226,224
Cash at bank and in hand		12,600	30,330	-	-
		99,139	73,294	279,872	226,224
Creditors					
Amounts falling due within one year	14	(109,657)	(132,948)	-	(50)
Net current (liabilities)/assets		(10,518)	(59,654)	279,872	226,174
Total assets less current liabilities		435,695	386,168	326,358	272,660
Creditors					
Amounts falling due after more than one year	15	(78,670)	(83,363)	-	-
Deferred income	17	(30,667)	(30,145)	-	-
Net assets		326,358	272,660	326,358	272,660
Capital and reserves					
Called up share capital	18	44,640	36,682	44,640	36,682
Share premium account	19	818,786	658,048	818,786	658,048
Revaluation reserve	19	73,943	91,084	-	-
Profit and loss account	19	(611,011)	(513,154)	(537,068)	(422,070)
Shareholders' funds	21	326,358	272,660	326,358	272,660

The notes on pages 95 to 114 form part of these financial statements.

These financial statements were approved by the Board of Directors on 28 September 2012 and were signed on its behalf by:

J MacBeath
Director

Group Cash Flow Statement

FOR THE YEAR ENDED 31 MAY 2012

	Note	Year ended 31 May 2012 £000	Year ended 31 May 2011 £000
Net cash outflow from operating activities	24	(53,176)	(15,658)
Return on investments and servicing of finance			
Interest paid		(2,651)	(2,722)
Interest element of finance lease payments		(3,421)	(3,734)
Interest received		4	88
Net cash outflow from return on investments and servicing of finance		(6,068)	(6,368)
Capital expenditure			
Purchase of intangible fixed assets		(122,854)	(155,120)
Sale of intangible fixed assets		27,621	11,449
Purchase of tangible fixed assets		(29,645)	(13,263)
Sale of tangible fixed assets		-	122
Net cash outflow from capital expenditure		(124,878)	(156,812)
Net cash outflow before financing		(184,122)	(178,838)
Financing			
Issue of shares		168,696	176,692
Loan capital repaid		(1,926)	(1,754)
Capital element of finance lease rental payments		(378)	(371)
Net cash inflow from financing		166,392	174,567
Movement in cash in the year	26	(17,730)	(4,271)

The notes on pages 95 to 114 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.

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 Company and its subsidiary undertakings up to 31 May 2012. The acquisition method of accounting has been adopted. Investments held as fixed assets are stated at cost less any provision for impairment.

TURNOVER

Turnover represents amounts receivable by the 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.

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

FIXED ASSETS AND DEPRECIATION

Depreciation 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 2012 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.

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.

02 – Turnover

	Year ended 31 May 2012	Year ended 31 May 2011
	£000	£000
Gate receipts	21,871	19,676
Television – UEFA	23,413	5,288
Television – All other	64,740	63,539
Other commercial activities	121,116	64,683
	231,140	153,186

All turnover originates in the United Kingdom.

03 – Operating expenses

	Year ended 31 May 2012	Year ended 31 May 2011
	£000	£000
Direct cost of sales and consumables	6,805	5,093
Remuneration of auditors and its associates:		
Audit fees	46	38
Other services	24	77
Hire of other assets – operating leases	459	654
Capital grants released and amortised	(48)	(53)
Other external charges	49,339	44,179
Staff costs (note 5)	201,789	173,977
Amortisation of player's registrations	83,031	83,847
Depreciation of tangible fixed assets:		
Owned	3,993	3,115
Leased	2,593	2,742
Exceptional items:		
Impairment of players' registrations	-	29,448
Provision for disputed employment costs settlement	-	5,000
	348,031	348,117
Operating expenses comprise:		
Operating expenses before amortisation of players	265,000	234,822
Amortisation of players and impairment of players' registrations	83,031	113,295
	348,031	348,117

04 – Directors’ remuneration

	Year ended 31 May 2012	Year ended 31 May 2011
Directors’ emoluments	1,401	2,083
Company contributions to money purchase pension schemes	250	121
Amounts paid to third parties in respect of Directors’ services	332	195

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £850,000 (2011: £2,083,000) and Company pension contributions of £250,000 (2011: £121,000) were made to a money purchase scheme on his behalf.

Included within Directors remuneration is £500,000 for compensation for loss of office.

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 2012	Year ended 31 May 2011
Football staff – including players	237	205
Commercial/administration staff	239	181
	476	386

The aggregate payroll costs of these persons were as follows:

	Year ended 31 May 2012 £000	Year ended 31 May 2011 £000
Wages and salaries	178,155	153,650
Social security costs	23,294	18,879
Other pension costs	340	1,448
	201,789	173,977

06 – Interest receivable and similar income

	Year ended 31 May 2012 £000	Year ended 31 May 2011 £000
Bank interest	4	88
Other	1,811	-
	1,815	88

07 – Interest payable and similar charges

	Year ended 31 May 2012 £000	Year ended 31 May 2011 £000
Bank loans and overdrafts	54	34
Other loans	2,602	4,511
Finance lease interest	82	65
	2,738	4,610

08 – Taxation

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

	Year ended 31 May 2012 £000	Year ended 31 May 2011 £000
Current tax		
UK corporation tax at 26% (2011: 28%) 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 26% (2011: 28%). The differences are explained below:

	Year ended 31 May 2012 £000	Year ended 31 May 2011 £000
Loss on ordinary activities before taxation	(98,705)	(197,491)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011: 28%)	(25,338)	(54,645)
Effects of:		
Expenses not deductible for tax purposes	2,354	1,425
Fixed asset timing differences	134	1,001
Other timing differences	5,398	4,600
Tax losses incurred in the year	16,604	47,619
Current tax credit for the year	(848)	-

The Company has corporation tax losses available for carry forward of approximately £461 million (2011: £444 million).

c) Factors that may affect future tax charges:

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

09 – Company results

The Company has taken advantage of section 208 of the Companies Act 2006 and has not presented its own profit and loss account. The result of the Company for the year was a loss of £114,998,000 (2011: £197,491,000).

10 – Intangible fixed assets

	£000
Amounts paid for players' registrations	£000
Cost	
As at 1 June 2011	414,044
Additions	90,455
Disposals	(66,208)
As at 31 May 2012	438,291
Amortisation	
As at 1 June 2011	182,273
Amortisation of player registrations	83,031
Disposals	(53,257)
As at 31 May 2012	212,047
Net book value	
As at 31 May 2012	226,244
As at 1 June 2011	231,771

II – Tangible fixed assets

	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 2011	31,620	2,646	163,878	1,796	28,967	228,907
Additions	10,385	-	488	16,683	2,089	29,645
Disposals	-	-	-	-	(2,270)	(2,270)
Revaluation	-	-	(24,345)	-	-	(24,345)
As at 31 May 2012	42,005	2,646	140,021	18,479	28,786	231,937
Depreciation						
As at 1 June 2011	1,502	237	5,069	-	8,048	14,856
Charge for the year	142	59	2,496	-	3,889	6,586
Disposals	-	-	-	-	(2,270)	(2,270)
Revaluation	-	-	(7,204)	-	-	(7,204)
As at 31 May 2012	1,644	296	361	-	9,667	11,968
Net book value						
As at 31 May 2012	40,361	2,350	139,660	18,479	19,119	219,969
As at 1 June 2011	30,118	2,409	158,809	1,796	20,919	214,051

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

	2012 £000
At depreciated replacement cost	139,190
Aggregate depreciation thereon	-
Net book value	139,190
Historical cost of revalued assets	80,832
Aggregate depreciation thereon	(9,191)
Historical cost net book value	71,641

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 2012 includes £139,190,000 (2011: £157,610,000) in respect of assets on finance lease or hire purchase. Depreciation for the year on these assets was £2,512,000 (2011: £2,742,000).

The cumulative amount of interest capitalised in the total cost of tangible fixed assets amounts to £283,000 (2011: £283,000).

On 5 August 2003 Maine Road was exchanged for a 250 year leasehold interest in the Etihad Stadium. Rental payments are made quarterly based on a formula geared towards gate receipts, in excess of those achievable at Maine Road, and event income. The lease has been treated as a finance lease, with the lease premium and the net present value of future rental obligations capitalised.

A finance lease creditor equal to the future obligations under the lease has been established. In calculating the future obligations a number of assumptions have been made as the obligation varies with ticket prices, number of games and attendance levels in particular. Future attendance figures have been estimated at an average of 42,500 per Premiership fixture. An interest rate of 7.57% and an estimated long term inflation rate of 2.5% have been applied.

The finance lease liability was initially established at £34,903,000. In the year ended 31 May 2005 the assumptions were revised.

This resulted in an amended initial finance lease liability of £39,609,000. The table below illustrates the sensitivity of the amended stadium finance lease creditor to changes in the assumptions on future attendance levels and inflation rates:

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

12 – Fixed asset investments

COMPANY

	Shares in Subsidiary Undertakings £000
Cost and net book value at 31 May 2012	46,486
Cost and net book value at 31 May 2011	46,486

	Country of incorporation	Principle activities	Class and Percentage of shares held
Subsidiary undertakings			
Manchester City Football Club Limited	England and Wales	Professional Football Club	100% ordinary shares
Manchester City Investments Limited	England and Wales	Issuer of Loan Notes	100% ordinary shares
Manchester City Property Limited	England and Wales	Letting of Own Property	100% ordinary shares
Manchester City Developments Limited	England and Wales	Property Investment	100% ordinary shares

13 – Debtors: amounts falling due within one year

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade debtors	36,793	8,608	-	-
Debtors arising from player transfers	13,429	18,363	-	-
Amounts owed by group companies	-	-	279,872	226,224
Amounts owed by related party undertakings	12,800	-	-	-
Other debtors	1,794	499	-	-
Prepayments and accrued income	21,723	15,494	-	-
	86,539	42,964	279,872	226,224

14 – Creditors: amounts falling due within one year

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Other loans (Note 16)	1,827	1,893	-	50
Obligations under finance leases (Note 16)	402	378	-	-
Trade creditors	5,543	2,420	-	-
Creditors arising from player transfers	40,858	75,993	-	-
Amounts owed to related undertakings	3,733	7,457	-	-
Other creditors including tax and social security	12,348	16,159	-	-
Accruals	44,946	28,648	-	-
	109,657	132,948	-	50

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

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Other loans (Note 16)	30,602	32,391	-	-
Obligations under finance leases (Note 16)	38,232	38,568	-	-
Creditors arising from player transfers	9,836	12,404	-	-
	78,670	83,363	-	-

16 – Borrowings

	Other Loans £000	Finance Leases £000	2012 Total £000	2011 Total £000
Within one year	1,827	402	2,229	2,271
Between one and two years	1,915	33	1,948	2,070
Between two and five years	6,170	269	6,439	6,492
After more than five years	22,517	37,930	60,447	62,397
	32,429	38,634	71,063	73,230

External loans include £32,384,000 of loan notes (2011: £34,043,000). The first tranche of £30.3m is repayable in annual instalments over a 25 year period at a fixed interest rate of 7.27%. The second tranche of £13.7m is repayable in annual instalments over a 15 year period at a floating interest rate for the first three years and thereafter at a fixed interest rate of 7.57%. During the year £888,000 was repaid from the first tranche while another £841,000 was repaid from the second tranche. The notes are being repaid under a securitisation agreement serviced by future season ticket sales and matchday ticket sales. Details of all external loans are provided within note 27.

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:

	2012 £000	2011 £000
Within one year	2,251	2,230
In the second to fifth year	7,653	7,912
Over five years	117,453	119,379
Less future finance charges	(88,723)	(90,575)
	38,634	38,946

17 – Deferred income

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Within one year:				
Deferred income	29,391	28,869	-	-
Deferred credit for capital grants	48	53	-	-
	29,439	28,922	-	-
More than one year:				
Deferred income	-	-	-	-
Deferred credit for capital grants	1,228	1,223	-	-
	1,228	1,223	-	-
Total deferred income	30,667	30,145	-	-

Deferred credit for capital grants

The movements in deferred credit for capital grants during the year were as follows:	£000
At 1 June 2011	1,276
Grants released in year	(48)
At 31 May 2012	1,228

18 – Called up share capital

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

	2012 £000	2011 £000
Issued and called up		
446,273,172 (2011: 366,699,711) Ordinary shares of 10p each – fully paid	44,628	36,670
20 Ordinary shares of 10p each – 2.5p paid	-	-
49,998 Redeemable deferred shares of £1 each – 25p paid	12	12
	44,640	36,682

During the year 79,573,461 ordinary shares of 10p each were issued for a consideration of £2.12 per share. The total consideration was £168.7m and the premium of £160.7m 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 2011	658,048	91,084	(513,154)	(422,070)
Retained loss for the year	-	-	(97,857)	(114,998)
Issue of shares	160,738	-	-	-
Revaluation in the year	-	(17,141)	-	-
At 31 May 2012	818,786	73,943	(611,011)	(537,068)

20 – Contingent liabilities

Additional transfer fees, signing on fees and loyalty bonuses of £42,191,000 (2011: £50,442,000) 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.

The Company has provided security to its subsidiary undertaking Manchester City Investments Limited in relation to loan notes issued by that company which at 31 May 2012 totalled £32.4m (2011: £34.0m). The security relates to match day and hospitality ticket sales of the Company. Should the Company be called on to make repayments on behalf of Manchester City Investments Limited it is anticipated by the Directors that the funding would be provided by the ultimate parent company, Abu Dhabi United Group Investment & Development Limited in the form of equity investment.

21 – Reconciliations of movement in shareholders' funds

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Loss for the financial year	(97,857)	(197,491)	(114,998)	(197,491)
Revaluation adjustment	(17,141)	-	-	-
Issue of shares	168,696	176,692	168,696	176,692
Net increase/(decrease) to shareholders' funds	53,698	(20,799)	53,698	(20,799)
Opening shareholders' funds	272,660	293,459	272,660	293,459
Total closing shareholders' funds	326,358	272,660	326,358	272,660

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 2012 a Minimum Funding Requirement Deficit was identified in the scheme, of which £380,544 (2011: £170,496) 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 £30,492 (2011: £30,942).

23 – Commitments

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

Expiring:	2012 £000	2011 £000
Within one year	303	196
Within two and five years	224	-
After five years	-	-
	527	196

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

	2012 £000	2011 £000
Contracted but not provided for	-	-

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

	2012 £000	2011 £000
Operating loss	(104,091)	(194,931)
Amortisation and impairment of players' registrations	83,031	113,295
Depreciation	6,586	5,858
Loss on disposal of fixed assets	-	486
Decrease in stocks	-	481
(Increase)/decrease in debtors	(51,663)	28,863
Increase in creditors	13,009	30,343
Release and amortisation of grants	(48)	(53)
Net cash outflow from operating activities	(53,176)	(15,658)

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

	2012 £000	2011 £000
Decrease in cash in the year	(17,730)	(4,271)
Net cash flow from movement in debt	2,304	2,125
Movement in net cash position in the year	(15,426)	(2,146)
Other non-cash changes	(137)	(77)
Opening net debt position	(42,900)	(40,677)
Closing net debt position	(58,463)	(42,900)

26 – Analysis of changes in net debt

	As at 1 June 2011 £000	Cash flow £000	Other non- cash changes £000	As at 31 May 2012 £000
Cash at bank and in hand	30,330	(17,730)	-	12,600
Movement in net cash position in the year	30,330	(17,730)	-	12,600
Debt due within one year	(1,893)	137	(71)	(1,827)
Debt due after one year	(32,391)	1,789	-	(30,602)
Net debt (excluding finance leases)	(3,954)	(15,804)	(71)	(19,829)
Finance leases	(38,946)	378	(66)	(38,634)
	(42,900)	(15,426)	(137)	(58,463)

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 2012 was:

	Total £000	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non- interest financial liabilities £000
As at 31 May 2012	71,063	12	71,019	32
As at 31 May 2011	73,230	159	72,989	82

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

The floating rate financial liabilities comprise other loans of £12,000 repayable within 1 year attracting interest ranging from base minus 2.5% to base minus 4.5% over the term, to a minimum of 0% (this loan is secured over certain assets of the Company).

The fixed rate liabilities comprise loan notes of £32,384,000 and finance lease obligations of £38,634,000 as detailed in note 16.

The maturity profile of the Company's financial liabilities as at 31 May 2012 is shown in note 16.

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

28 – Related party transactions

Transactions during the year ended 31 May 2012 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 certain Design, Know-how and Other Intellectual Property rights to Abu Dhabi United Group Investment & Development Limited for £12.8m.

The Company received funding on behalf of Brookshaw Developments Limited, a company also owned by Abu Dhabi United Group Investment & Development Limited, during the prior year and a balance of £3,733,000 (2011: £7,457,000) is included in creditors due within one year.

29 – Post balance sheet events

Since the year-end the football registrations of Matija Nastasic (from Fiorentina), Maicon (from Inter Milan), Scott Sinclair (from Swansea City), Jack Rodwell (from Everton), Javi Garcia (from Benfica) and Richard Wright have been acquired. The registrations of Adam Johnson (to Sunderland), Emmanuel Adebayor (to Tottenham Hotspur), Nigel De Jong (to AC Milan), Stefan Savic (to Fiorentina), Greg Cunningham (to Bristol City) and Vladimir Weiss (to Pescara) were sold. The net expenditure on these transactions was approximately £39.4m.

30 – Ultimate parent company

As at 31 May 2012 the Group's parent undertaking was Abu Dhabi United Group Investment & Development Limited, a company registered in the Jebel Ali Freezone. The Group's ultimate parent undertaking was Abu Dhabi United Group Investment & Development, a company registered in Abu Dhabi and wholly owned by Sheikh Mansour bin Zayed.

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