

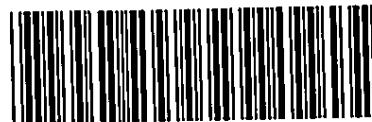
Manchester City Football Club Limited

Directors' report and financial statements

For the year ended 31 May 2007

Registered number 40946

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Manchester City Football Club Limited

Contents	Page
Directors and Advisors	2
Report of the Directors	3 - 4
Statement of Directors' Responsibilities	5
Report of the Independent Auditors	6
Profit and Loss Account	7
Statement of Total Recognised Gains and Losses	8
Note of Historical Cost Profits and Losses	8
Balance Sheet	9
Notes to the Financial Statements	10 - 23

Manchester City Football Club Limited

Directors and Advisors

Directors

Dr T Shinawatra
BH Bodek LL B
AJ Mackintosh ACA
T Srisumrid
S Monvoisin
Panthongtae Shinawatra
Pintongta Shinawatra
W Makudi

Secretary

JB Halford

Registered Office

City of Manchester Stadium, SportCity, Manchester M11 3FF

Bankers

Co-operative Bank p l c , 1 Balloon Street, Manchester M60 4EP

Auditors

BDO Stoy Hayward LLP, Chartered Accountants, 11-15 Cross Street, Manchester M2 1WE

Solicitors

Hammonds, 7 Devonshire Square, Cutlers Gardens, London, EC2M 4YH

Manchester City Football Club Limited

Report of the Directors

The Directors submit their report and the financial statements for the year ended 31 May 2007

Principal activity

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

Business review

Turnover for the year ended 31 May 2007 totalled £56.9 million (2006 £61.8 million). This year-on-year fall was primarily due to a £1.9 million fall in ticketing receipts and a £1.6 million fall in concert revenues with fewer concert nights being held during the year to 31 May 2007.

The wage bill for the period increased to £36.4 million (2006 £34.3 million) and the operating loss before amortisation of players for the period was £1.4 million (2006 profit £5.1 million).

A majority stake in the Club's holding company, Manchester City Limited, was acquired by UK Sports Investments Limited, a company registered in the United Kingdom, on 6 July 2007. As at 27 October 2007 UK Sports Investments Limited owned 100% of the ordinary share capital of the Club's holding company.

The Directors do not recommend the payment of a dividend.

Risks and uncertainties

The key risk facing the Company is the threat of relegation and the consequent reduction in TV revenue. In light of this the Club continues to invest in its wage bill, whilst operating within its financial constraints, to maintain its Premiership status.

Comments on interest rate, liquidity and foreign exchange risk are provided in note 24.

Directors and their interests

Dr T Shinawatra	(Appointed 6 July 2007)
BH Bodek	
AJ Mackintosh	
T Srisumrid	(Appointed 9 August 2007)
S Monvoisin	(Appointed 6 July 2007)
Panthongtae Shinawatra	(Appointed 6 July 2007)
Pintongta Shinawatra	(Appointed 6 July 2007)
W Makudi	(Appointed 18 November 2007)
D Makin	(Resigned 6 July 2007)
D Tueart	(Resigned 6 July 2007)

None of the Directors who held office at 31 May 2007 had any disclosable interest in the shares of the Company. According to the register of Directors' interests, no rights to subscribe for shares in or debentures of the Company, or any other group company, were granted to any of the directors or their immediate families, or exercised by them, during the financial year. The interests of the Directors in the shares of the ultimate holding company, Manchester City Limited, are disclosed in the accounts of that company.

Political and charitable contributions

The Company made no political contributions during the year. Donations to UK charities amounted to £96,991 (2006 £19,512).

Manchester City Football Club Limited

Report of the Directors for the year ended 31 May 2007 (*continued*)

Supplier payment policy

The Company 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 Company seeks to adhere to the payment terms providing the relevant goods and services have been supplied in accordance with the contracts.

The Company had 50 days (*2006 42 days*) of purchases outstanding at the end of the financial year.

Employee involvement

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

Disabled employees

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

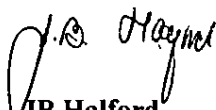
Auditors

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

KPMG LLP resigned as auditors on 9 October 2007 and BDO Stoy Hayward LLP were subsequently appointed as auditors.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of BDO Stoy Hayward LLP as auditors of the Company is to be proposed at the forthcoming AGM.

By order of the Board


JB Halford
Secretary

Manchester City Football Club Limited

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Manchester City Football Club Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANCHESTER CITY FOOTBALL CLUB LIMITED

We have audited the financial statements of Manchester City Football Club Limited for the year ended 31 May 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

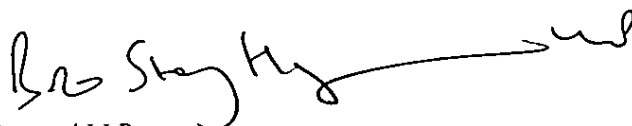
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 May 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Manchester

Date 18 February 2008

Manchester City Football Club Limited

Profit and Loss Account

for the year ended 31 May 2007

	Note	Year ended 31 May 2007 £000	Year ended 31 May 2006 £000
Turnover	2	56,925	61,802
Operating expenses before amortisation of players	3	(58,319)	(56,741)
Operating (loss)/profit before amortisation of players		(1,394)	5,061
Amortisation of players		(5,998)	(7,147)
Operating loss after amortisation of players		(7,392)	(2,086)
Profit on disposal of players		2,365	19,058
(Loss)/profit before interest and taxation		(5,027)	16,972
Interest receivable and similar income	6	353	598
Interest payable and similar charges	7	(1,416)	(1,754)
Stadium finance lease charges		(1,862)	(2,605)
(Loss)/profit on ordinary activities before and after taxation	19	(7,952)	13,211

The results for both years relate to continuing operations

The notes on pages 10 to 23 form part of these financial statements

Manchester City Football Club Limited

Statement of Total Recognised Gains and Losses

for the year ended 31 May 2007

	Year ended 31 May 2007 £000	Year ended 31 May 2006 £000
(Loss)/profit for the financial year	(7,952)	13,211
Unrealised surplus on revaluation of properties	29,623	-
Total recognised gains for the year	21,671	13,211

Note of Historical Cost Profits and Losses

for the year ended 31 May 2007

	Year ended 31 May 2007 £000	Year ended 31 May 2006 £000
Reported (loss)/profit on ordinary activities before and after taxation	(7,952)	13,211
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	951	951
Historical cost (loss)/profit on ordinary activities before and after taxation	(7,001)	14,162

Manchester City Football Club Limited

Balance Sheet

as at 31 May 2007

	Note	2007 £000	2006 £000
Fixed assets			
Intangible assets	9	9,569	11,018
Tangible assets	10	182,189	154,705
Investments	11	-	-
		191,758	165,723
Current assets			
Stocks	12	534	420
Debtors	13	6,702	6,139
Cash at bank and in hand		7,199	9,722
		14,435	16,281
Creditors			
Amounts falling due within one year	14	(79,184)	(66,353)
Net current liabilities		(64,749)	(50,072)
Total assets less current liabilities		127,009	115,651
Creditors			
Amounts falling due after more than one year	15	(72,503)	(81,719)
Deferred income	17	(14,389)	(15,486)
Net assets		40,117	18,446
Capital and reserves			
Called up share capital	18	962	962
Share premium account	19	59	59
Revaluation reserve	19	100,967	71,344
Profit and loss account	19	(61,871)	(53,919)
Shareholders' funds		40,117	18,446

These financial statements were approved by the Board of Directors on 15 February 2008 and were signed on its behalf by



AJ Mackintosh ACA
Director

Manchester City Football Club Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the 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 Directors regularly receive and review financial statements, cash balances and forecasts. Based on the facilities committed by financial institutions and shareholders, the Directors are of the opinion, at the time of approving the financial statements, that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Manchester City Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Manchester City Limited, within which this Company is included, can be obtained from Companies House.

Consolidation

The financial statements contain information about Manchester City Football Club Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Manchester City Limited, a company registered in England and Wales.

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.

Manchester City Football Club Limited

Notes (continued)

1 Accounting policies (continued)

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 long leasehold land and buildings are subject to a full valuation every five years with an interim valuation carried out in the third year of this cycle

Signing on fees

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

Stocks

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

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 management become aware of the impairment

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 2007 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

Manchester City Football Club Limited

Notes (continued)

1 Accounting policies (continued)

Capital grants

Grants receivable from the Football Foundation and similar bodies 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. Pension contributions are charged to the profit and loss account as they become payable.

2 Turnover

	Year ended 31 May 2007 £000	Year ended 31 May 2006 £000
Gate receipts	13,768	15,698
Television	24,179	24,223
Other commercial activities	18,883	21,773
Donations from development association	95	108
	56,925	61,802

The Company operates in the United Kingdom in one class of business.

Manchester City Football Club Limited

Notes (continued)

3 Operating expenses

	Year ended 31 May 2007 £000	Year ended 31 May 2006 £000
Raw materials and consumables	6,964	7,411
Remuneration of auditors and its associates		
Audit fees	28	37
Other services	-	44
Hire of other assets – operating leases	380	197
Capital grants released and amortised	(35)	(36)
Other external charges	11,845	12,063
Staff costs (note 5)	36,381	34,341
Amortisation of players	5,998	7,147
Depreciation of tangible fixed assets		
Owned	665	600
Leased	2,091	2,084
	64,317	63,888
Operating expenses comprise		
Operating expenses before amortisation of players	58,319	56,741
Amortisation of players	5,998	7,147
	64,317	63,888

4 Directors' remuneration

	2007 £000	2006 £000
Directors' emoluments	295	314
Company contributions to money purchase pension schemes	11	11
Amounts paid to third parties in respect of Directors' services	30	30

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £282,000 (2006 £300,000) and Company pension contributions of £11,000 (2006 £11,000) were made to a money purchase scheme on his behalf

Retirement benefits are accruing to one (2006 one) director under a money purchase scheme

Directors' rights to subscribe for shares in or debentures of the company and its subsidiaries are indicated below

	Number of options		Exercise price £/p
	At start of year	At end of year	
AJ Mackintosh	200,000	200,000	45p

These options were subsequently cancelled after the year-end

No directors benefited from qualifying third party indemnity provisions

Manchester City Football Club Limited

Notes (continued)

5 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 2007	Year ended 31 May 2006
Football staff – including players	101	97
Commercial/administration staff	115	112
	216	209

The aggregate payroll costs of these persons were as follows

	Year ended 31 May 2007 £000	Year ended 31 May 2006 £000
Wages and salaries	32,415	30,387
Social security costs	3,880	3,856
Other pension costs	86	98
	36,381	34,341

6 Interest receivable and similar income

	Year ended 31 May 2007 £000	Year ended 31 May 2006 £000
Bank interest	293	598
Other	60	-
	353	598

7 Interest payable and similar charges

	Year ended 31 May 2007 £000	Year ended 31 May 2006 £000
Bank loans and overdrafts	399	144
Other loans	1,017	1,610
	1,416	1,754

Manchester City Football Club Limited

Notes (continued)

8 Taxation

(a) Analysis of the tax charge in the year

	Year ended 31 May 2007 £000	Year ended 31 May 2006 £000
Current tax		
UK corporation tax at 30% (2006 30%) on profits for the year	-	-
Adjustments in respect of prior years	-	-
Tax on profits from ordinary activities	-	-

(b) Factors affecting tax charge for the year

The current tax charge for the year varies from the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	Year ended 31 May 2007 £000	Year ended 31 May 2006 £000
(Loss)/profit on ordinary activities before taxation	(7,952)	13,211
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(2,386)	3,963
Effects of		
Expenses not deductible for tax purposes	126	72
Fixed asset timing differences	171	(150)
Other timing differences	230	404
Tax losses incurred in the year	1,859	-
Tax losses utilised in the year	-	(3,344)
Group relief not paid for	-	(945)
Current tax charge for the year	-	-

The Company has corporation tax losses available for carry forward of approximately £69 million (2006 £63 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

Manchester City Football Club Limited

Notes (continued)

9 Intangible fixed assets

Amounts paid for players' registrations	£000
Cost	
As at 1 June 2006	32,399
Additions	5,218
Disposals	(12,532)
As at 31 May 2007	25,085
Amortisation	
As at 1 June 2006	21,381
Charge for the year	5,998
Disposals	(11,863)
As at 31 May 2007	15,516
Net book value	
As at 31 May 2007	9,569
As at 1 June 2006	11,018

10 Tangible fixed assets

	Land and Buildings (Freehold)	Land and Buildings (Short Leasehold)	Land and Buildings (Long Leasehold)	Fixtures, Fittings & Equipment	Total
	£000	£000	£000	£000	£000
Cost/valuation					
As at 1 June 2006	4,809	624	153,487	4,585	163,505
Additions	-	-	33	584	617
Revaluation	-	-	21,909	-	21,909
Disposals	-	-	(6)	(34)	(40)
As at 31 May 2007	4,809	624	175,423	5,135	185,991
Depreciation					
As at 1 June 2006	1,007	48	5,886	1,859	8,800
Charge for the year	95	25	2,060	565	2,745
Revaluation	-	-	(7,714)	-	(7,714)
Disposals	-	-	-	(29)	(29)
As at 31 May 2007	1,102	73	232	2,395	3,802
Net book value					
As at 31 May 2007	3,707	551	175,191	2,740	182,189
As at 1 June 2006	3,802	576	147,601	2,726	154,705

Manchester City Football Club Limited

Notes (continued)

10 Tangible fixed assets (continued)

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

	2007 £000
At depreciated replacement cost	173,449
Aggregate depreciation thereon	-
Net book value	173,449
Historical cost of revalued assets	80,196
Aggregate depreciation thereon	(3,963)
Historical cost net book value	76,233

Tangible fixed assets are shown at their original cost to the Company with the exception of the City of Manchester Stadium. The Directors obtained an external valuation of the Stadium from Dunlop Heywood Lorenz, Consultant Surveyors, as at 1 May 2004. The valuation was prepared on a depreciated replacement cost basis and was made in accordance with the Royal Institution of Chartered Surveyors Asset Statements of Valuation Practice and Guidance Notes. An interim valuation was obtained by the Directors as at 31 May 2007 from Erinaceous CPS (formerly Dunlop Heywood & Co Limited). This interim valuation has 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 2007 includes £161,513,000 (2006 £133,743,000) in respect of assets on finance lease or hire purchase. Depreciation for the year on these assets was £1,853,000 (2006 £1,935,000).

The cumulative amount of interest capitalised in the total cost of tangible fixed assets amounts to £283,000 (2006 £283,000).

On 5 August 2003 Maine Road was exchanged for a 250 year leasehold interest in the City of Manchester 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

Manchester City Football Club Limited

Notes (continued)

11 Fixed asset investments

			Shares in Group Undertakings £000
Cost and net book value at 31 May 2007			-
Cost and net book value at 31 May 2006			-
	Country of incorporation	Principle activities	Class and Percentage of shares held
Subsidiary undertakings			
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

12 Stocks

	2007 £000	2006 £000
Goods for resale	534	420

13 Debtors

	2007 £000	2006 £000
Amounts falling due within one year		
Trade debtors	2,817	1,559
Other debtors	8	60
Amounts owing to subsidiary undertakings	83	83
Prepayments and accrued income	3,794	4,437
	6,702	6,139

14 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Bank loans and overdrafts	8,225	-
Directors' loans (Note 16)	4,495	4,495
Other loans (Note 16)	14,966	13,716
Obligations under finance leases (Note 16)	63	60
Trade creditors	8,519	6,794
Amounts owed to parent company	31,054	31,054
Other creditors including tax and social security	2,625	2,324
Accruals	9,237	7,910
	79,184	66,353

Manchester City Football Club Limited

Notes (continued)

15 Creditors: amounts falling due after more than one year

	2007 £000	2006 £000
Other loans (Note 16)	600	1,997
Obligations under finance leases (Note 16)	42,386	42,450
Trade creditors	1,597	4,808
Amounts owed to group undertakings	27,733	32,065
Accruals	187	399
	72,503	81,719

16 Borrowings

	Bank loans and Overdrafts £000	Directors' Loans £000	Other Loans £000	Finance Leases £000	2007 Total £000	2006 Total £000
Within one year	8,225	4,495	14,966	63	27,749	18,271
Between one and two years	-	-	147	67	214	1,460
Between two and five years	-	-	441	217	658	649
After more than five years	-	-	12	42,102	42,114	42,338
	8,225	4,495	15,566	42,449	70,735	62,718

Directors' Loans

Director's loans are unsecured and comprise £4,495,000 from DM Makin. The loan attracts interest at a rate of 5% per annum.

Other Loans

Other loans include £14,700,000 from JC Wardle, a director of the parent company Manchester City Limited. The loan attracts interest at a rate of 5% per annum.

As a result of the takeover of the Company's ultimate parent on 6 July 2007, the loans from DM Makin and JC Wardle have been assigned to UK Sports Investments Limited.

Finance Leases

Obligations under finance leases include future obligations under the lease of the City of Manchester Stadium. Details are provided within note 10.

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

	2007 £000	2006 £000
Within one year	2,315	2,315
In the second to fifth year	9,416	9,365
Over five years	147,932	150,299
Less future finance charges	(117,214)	(119,469)
	42,449	42,510

Manchester City Football Club Limited

Notes (continued)

17 Deferred income

	2007 £000	2006 £000
Within one year		
Deferred income	9,696	10,885
Deferred credit for capital grants	39	36
	9,735	10,921
More than one year		
Deferred income	222	146
Deferred credit for capital grants	4,432	4,419
	4,654	4,565
Total deferred income	14,389	15,486

Deferred credit for capital grants

The movements in deferred credit for capital grants during the year were as follows	£000
At 1 June 2006	4,455
Grants received in year	51
Grants released in year	(35)
At 31 May 2007	4,471

18 Called up share capital

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

	2007 Number of shares	2007 £000	2006 Number of shares	2006 £000
Authorised				
Ordinary shares of £1 each	1,600,000	1,600	1,600,000	1,600
Issued and called up				
Ordinary shares of £1 each	961,270	961	961,270	961
Ordinary shares of £1 each – 25p paid	3,399	1	3,399	1
	964,669	962	964,669	962

Manchester City Football Club Limited

Notes (continued)

19 Reserves

	Share Premium £000	Revaluation Reserve £000	Profit & Loss Account £000
At 1 June 2006	59	71,344	(53,919)
Retained loss for the year	-	-	(7,952)
Revaluation in the year	-	29,623	-
At 31 May 2007	59	100,967	(61,871)

20 Contingent liabilities

Signing on fees and loyalty bonuses of £3,334,000 (2006 £3,520,000) that will become due to certain players if they are still in the service of the Club on specific future dates are accounted for in the year in which they fall due for payment

21 Reconciliation of movement in shareholders' funds

	2007 £000	2006 £000
(Loss)/profit for the financial year	(7,952)	13,211
Revaluation in the year	29,623	-
Net increase to shareholders' funds	21,671	13,211
Opening shareholders' funds	18,446	5,235
Total closing shareholders' funds	40,117	18,446

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 2006 a Minimum Funding Requirement Deficit was identified in the scheme, of which £124,847 was allocated to the Company.

The latest full actuarial valuation was carried out at 31 August 2005 and was updated for FRS 17 purposes by a qualified independent actuary. The contribution for the year was £19,116 (2006 £44,856).

23 Commitments

The annual commitment for payments in respect of other operating leases

	2007 £000	2006 £000
Expiring		
Within one year	235	197
Within two and five years	133	20
After five years	-	-
	368	217

Manchester City Football Club Limited

Notes (continued)

24 Financial instruments and risk management

The Company'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 Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company'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 2007 was

	Total £000	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non- interest financial liabilities £000
As at 31 May 2007	70,735	747	69,869	119
As at 1 June 2006	62,718	894	61,705	119

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

The floating rate financial liabilities comprise other loans of £747,000 repayable over 10 years 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 Director's loans of £4,495,000 and finance lease obligations of £42,449,000 as detailed in note 16. Also included is a loan of £14,700,000 from JC Wardle, a Director of the immediate parent company, attracting interest at a rate of 5%.

The maturity profile of the Company's financial liabilities as at 31 May 2007 is shown in note 16.

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

25 Related party transactions

The loans from JC Wardle and DM Makin are described in notes 16 and 24 of the accounts. The maximum liability outstanding during the year in respect of loans from JC Wardle was £14,700,000 and from DM Makin was £4,495,000.

Unpaid interest at 31 May 2007 on loans from JC Wardle amounted to £2,603,356 and on loans from DM Makin amounted to £1,055,346.

JC Wardle (£53,048) and D Tueart (£32,134) purchased corporate facilities during the year. These were purchased on normal commercial terms on an arms length basis. These were paid for in full. There was no liability outstanding at the year-end.

Manchester City Football Club Limited

Notes *(continued)*

26 Post balance sheet events

On 6 July 2007 a majority stake in Manchester City Limited (Manchester City Football Club Limited's immediate Parent) was acquired by UK Sports Investments Limited, a company registered in the United Kingdom. As at 27 October 2007 UK Sports Investments Limited owned 100% of Manchester City Limited's ordinary share capital.

Since the year-end the football registrations of Rolando Bianchi (from Reggina Calcio), Gelson Fernandes (from FC Sion), Geovanni Gomez (from Cruzeiro E C), Martin Petrov (from Club Atletico de Madrid), Vedran Corluka (from Dinamo Zagreb), Valeri Bojinov (from ACF Fiorentina), Elano Blumer (from FC Shakhtar Donetsk) and Javier Garrido (from Real Sociedad) have been acquired for a total cost of £50.6 million. The registration of Joey Barton (to Newcastle United FC) was sold for a total consideration of £5.8 million.

27 Ultimate parent company

The ultimate parent undertaking and controlling party is UK Sports Investments (Holdings) Limited. Manchester City Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Manchester City Limited consolidated financial statements can be obtained from Companies House.