

Leicester City Football Club Limited
Annual report and financial statements
for the year ended 31 May 2015
Registered number: 04593477

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Leicester City Football Club Limited

Annual report and financial statements for the year ended 31 May 2015

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Leicester City Football Club Limited

Directors and advisors

Registered office

King Power Stadium
Filbert Way
Leicester
LE2 7FL

Directors

Vichai Srivaddhanaprabha
Aiyawatt Srivaddhanaprabha
Apichet Srivaddhanaprabha
Shilai Liu
Supornthip Choungsangsee
Susan Whelan

Bankers

Barclays Bank plc
15 Colmore Row
Birmingham
B3 2WN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2015

The directors present their strategic report and the audited financial statements for the year ended 31 May 2015.

Principal activities

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

Results

Promotion to the Premier League and the subsequent retention of that status in May 2015 has transformed the financial performance of the Club and it is very pleasing to report that the 2014/15 financial year and football season has been the most successful in the recent history of the Club. Membership of the Premier League has driven exponential revenue growth for the Club with total revenue increasing to £104.4m from £31.2m in 2014. Whilst £68.1m of this increase came from the increase in Television and other central income from the Premier League: the remaining £5.1m increase arose from ticketing, retail and other sources growing as the effect of Premier League status drove attendances and the Club's fan base.

The Club's 5 year international marketing and licencing deal with Trestellar Limited continued into the 2014/15 season and the income from the deal increased significantly.

As a consequence of the increase in income above and prudent cost control the Club is pleased to report a profit of £26.4m for the financial year (2014 loss £20.8m).

The Club's playing squad strategy for the summer 2014 transfer window was based on renewing the contracts of its existing key players and the recruitment of a small number of additional players to strengthen the squad with their experience. Wes Morgan, Kasper Schmeichel, Jamie Vardy, Jeff Schlupp, Liam Moore, Danny Drinkwater, David Nugent, Ritchie De Laet and Matty James were all signed onto new long term contracts to safeguard their value and retain their services. The Club recruited Leo Ulloa, Danny Simpson and Tom Lawrence for fees, as well as Esteban Cambiasso and Matty Upson on free transfers. Nick Powell also joined on loan from Manchester United

In the January transfer window the Club signed Andrej Kramaric, and Robert Huth joined on loan from Stoke City.

The increase in size of the squad and the higher level of remuneration payable to players in the Premier League and under the new contracts above led to staff costs increasing to £57.4m from £36.3m in 2014.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2015 (continued)

Operating expenditure (excluding staff costs) increased by £6.7m to £19.0m (2014: £12.3m) primarily due to an £4.1m increase in the amortisation costs of players registrations arising from increased investment in the playing squad and a £0.6m increase in depreciation arising from the £5.7m investment in fixed assets undertaken during the year.

The conversion of the entire outstanding shareholder loans into ordinary shares on 29 November 2013 has led to interest charges for the year decreasing to £1.6m (2014: £4.2m).

In the year to 31 May 2015, player trading achieved profits of £0.1m (2014: £0.9m).

The Club's retention of its Premier League status and the continued success of the team this season has been based on the ongoing support from King Power International (KPI) and the Srivaddhanapraba family.

The Directors are confident the Club has complied with the Premier League Financial Fair Play ("FFP") and Short Term Cost Control requirements in the season and the Club complied with the UEFA licencing requirements.

The Company had a net cash inflow for the year of £5.7m (2014: £7.6m) comprising a £28.7m cash inflow from operating activities (2014: outflow of £Nil) and a net investment in tangible and intangible assets of £22.7m (2014: net investment of £3.8m). In the current year there was no movement on share capital (2014: Issue of £106.2m) and an increase borrowings of £0.1m (2014: decrease of £94.8m) primarily through of the conversion of shareholder loans into shares. No dividend has been paid in the year (2014: £nil).

The 2014/15 season will be memorable for everyone connected with the Club with highlights such as the remarkable 5-3 comeback victory over Manchester United and the end of season run which carried the Club to 14th place with 41 points having spent 5 months at the bottom of the Premier League. The support of the fans in creating the loudest home atmosphere of any Premier League ground and in their indefatigable support away from home played an instrumental role in this season's successes and the Board would yet again like to thanks the Club's supporters for the role they have played.

Our average attendances rose to 31,693 (2014: 25,003) which represents the 12th highest average in the Premier League and represented 98.5% of capacity being utilised. The extraordinary start to the current season has driven the average even higher with several gates above 32,000 already recorded.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2015 (continued)

Key performance indicators

	2015	2014
Average league attendance	31,693	25,003
Cash balance at year end (£'000)	14,179	8,440
Staff costs (per note 5)/turnover expressed as a percentage	55.0%	116.7%
Operating profit / (loss) excluding player amortisation, impairments, and player trading (£'000)	35,322	(14,316)

Asset values

At the year end there were 34 (2014: 25) players for which the cost of their player registration has been capitalised and that were still being amortised over the period of the respective player's contract. The combined net book value of these players is £23.2m as at 31 May 2015 (2014: £5.5m). No impairment in the carrying value has been recognised in 2015 (2014: £nil). The directors' assessment of the market value of the playing squad at 31 May 2015, which includes those players where the market value exceeds their carrying values, is £64.6m (2014: £28.0m). The Club's investment in players of £25m and the natural increase in players value arising from a successful season in the Premier League has driven this increase.

The King Power stadium is currently carried at £40.7m (2014: £41.6m), which reflects the current depreciated replacement value of the stadium based on a valuation by DTZ on 31 May 2014. Based on the advice received, and their own assessment of the potential market value the Club's other land and buildings, the directors are satisfied that the carrying values are not materially different to the current market values.

Future outlook

The Club's membership of the Premier League in 2014/5 and its outstanding performance to date during the 2015/16 season continues to support the profitability and positive cash flows of the Club. The Club has already secured its membership of the Premier League for the season 2016/7 when the new Premier League TV deals will increase income again significantly. Turnover continues to increase, arising from the level of income from the Premier League and other major sources of income which have also shown significant increases as crowds increase and the Club's supporter base becomes increasingly engaged. Costs have also risen to reflect the running of a Premier League team. The Club continues to invest in its playing squad to improve and sustain performance and improve its position within the Premier League.

The Club is currently performing outstandingly in the Premier League after a remarkable start to the season. Having achieved the initial target of securing the Club's Premier League status for 2016/17 the Club is now looking to finish in as high a position as possible by the end of the season and potentially achieve qualification for European competitions. The Club's revenues are forecast to continue to grow with a full stadium for all home games.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2015 (continued)

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate processes are in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse impact on the Company.

These areas include football, FFP, employee, business and finance related risks:

Football

Membership of, and finishing position in, the Premier League have a highly material impact on the revenue streams and cash generation of the Club. The Company also faces the risk of underperforming against crowd expectations which has a significant impact on revenue streams and cash generation. The directors understand these risks and therefore make prudent budget assumptions with regards to League position and cup success. The directors also monitor the performance of both management and players and have a proven record of making changes where required.

Financial Fair Play

The Club is currently regulated for FFP under the Premier League FFP regulations and Short Term Cost Control regulations. The Club reviews its compliance with these regulations at the time of setting its budgets and at all relevant situations where a decision may be taken that would have a material impact on that compliance.

The Club submitted a compliant FFP return to the Football League in relation to the 2013/14 season in December 2014. The Football League has subsequently requested certain clarifications which have been provided. The Directors are confident that the Club has complied with the Football League FFP regulations during that season and that no material liability will arise from this process.

Employees

The Company's performance depends largely on its manager and staff. The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the Company's results. To mitigate these issues the Company is constantly analysing its market place and has employee performance reviews in place that are designed to retain key individuals.

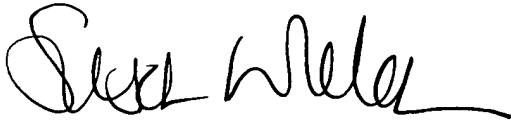
Leicester City Football Club Limited

Strategic report for the year ended 31 May 2015 (continued)

Business environment

The Company operates in a challenging business environment/industry sector where revenue streams can be significantly dependent upon on pitch performance and where costs can be unrelated to income generated. To mitigate this risk the Club has a strategy of performance related pay for key personnel, whereby salary costs will fluctuate in line with income generated and on-pitch performance. The directors also review the level of fixed costs incurred, with a view to restricting unnecessary expense and matching costs to income streams.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Susan Whelan', with a long horizontal flourish extending to the right.

Susan Whelan
Chief Executive
27th February 2016

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2015

The directors present their report for the year ended 31 May 2015.

Future developments

The future developments of the Club are detailed within the Strategic report.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, interest rate risk and credit risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of risk.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

Liquidity and interest rate risk

The Company manages its liquidity risk on a daily basis through cash monitoring and cash flow forecasting to ensure that it has sufficient resources to meet its obligations. The ultimate controlling party has confirmed that it will not require the repayment of any amounts owing that will lead to the Club requiring further external funding.

In order to ensure stability of cash flows and manage interest rate risk, the Company has a policy of maintaining the majority of its long term debt at fixed rates. The Company does not use other derivative financial instruments to manage interest rate costs.

Further detail for the amounts owed to the parent company and companies under common control, which are the principal sources of funding, can be found in note 12.

Credit risk

The Company manages credit risk with respective counterparties as follows:

- Football clubs: the Premier League and Football League rules require football creditors to be paid in full in any insolvency event.
- Corporate partners are reviewed for their credit worthiness using commercially available credit rating facilities and, where necessary, services are only provided after payment has been received.
- Personal credit is only given in controlled circumstances with direct debit systems, and compliance with agreed payments rigorously monitored.

Going concern

The Company was both substantially profitable and cash positive in the 2014/15 financial year and forecasts indicate that it will continue to be so in the 2015/16 financial year, and the financial statements have therefore been prepared on a going concern basis. Further details are set out in note 1 to the financial statements.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2015 (continued)

Directors

The directors of the Company during the year and subsequently, together with details of appointments and resignations, were as follows:

V Srivaddhanaprabha (Chairman)
A Srivaddhanaprabha (Vice Chairman)
A Srivaddhanaprabha (appointed 16 August 2014)
S Liu (Vice Chairman)
S Choungsangsee
SV Whelan

Charitable donations

Each year the Club chooses a group of charities to support for the relevant season via its own charity, the LCFC Foxes Foundation. The Club provides free administration, management and accounting support. The main causes supported included the Lord Mayors Appeal, Leicester Hospitals Charity, Leicestershire Autistic Society, Leukaemia & Lymphoma Research and Rainbows Hospice for Children & Young People each of whom received a £21,605 donation from the Foundation.

The Club also has several match-day collections during every season. Collections for St John's Ambulance, The Royal British Legion and the LCFC Foxes Foundation have either been undertaken in the 2014/15 season or will be undertaken in the 2015/16 season.

The Company also supports Leicester City Football in the Community Charitable Trust, a charitable trust aimed at the promotion and provision of sport, education, health and football services for the community in the City and in Leicestershire. The Club donated £23,000 as well as significant in kind contributions during the year.

The Company has made charitable donations during the year of £346,000 (2014: £36,000).

Subsequent events

Since the year end the Club has invested £2.2m in its facilities. Major projects include the complete external rebranding of the King Power Stadium, the extension and reconstruction of a further training pitch at the training ground, the acquisition of 2 large pitch lighting rigs for the Stadium, the construction of a players pre match dining room and lounge at the Stadium and the installation of a new accounting system.

Since 31 May 2015 the Club has contracted for the purchase and sale of various players and has also incurred costs in relation to a change of manager. The net cost of these transactions, taking into account the applicable levies and contingent fees but excluding value added tax, is £33.7m (2014: £13.0m). These transfers and costs will be accounted for in the year ending 31 May 2016.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2015 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors


A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

On behalf of the Board

Susan Whelan
Chief Executive

27th February 2016

Registered number: 04593477



Leicester City Football Club Limited

Independent auditors' report to the members of Leicester City Football Club Limited

Report on the financial statements

Our opinion

In our opinion, Leicester City Football Club Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 May 2015 and of its profit and cash flows 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.

What we have audited

The financial statements comprise:

- the balance sheet as at 31 May 2015;
- the profit and loss account for the year then ended;
- the statement of total recognised gains and losses for the year then ended;
- the note of historical cost profit and losses for the year then ended;
- the cash flow statement for the year then ended;
- the notes to the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Leicester City Football Club Limited

Independent auditors' report to the members of Leicester City Football Club Limited (continued)

Adequacy of accounting records and information and explanations received (continued)

- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 9, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of the financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

Leicester City Football Club Limited

Independent auditors' report to the members of Leicester City Football Club Limited (continued)

What an audit of the financial statement involves (continued)

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

A handwritten signature in black ink, appearing to read 'Neil Philpott', followed by a period.

Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

29th February 2016

Leicester City Football Club Limited

Profit and loss account for the year ended 31 May 2015

	Note	2015 £'000	2014 £'000
Turnover	2	104,437	31,150
Cost of sales		(71,426)	(44,372)
Gross profit / (loss)		33,011	(13,222)
Administrative expenses		(2,024)	(1,771)
Stadium expenses		(3,002)	(2,530)
Total administrative expenses		(5,026)	(4,301)
Operating profit / (loss)	3	27,985	(17,523)
Loss on disposal of fixed assets		(38)	(50)
Profit on disposal of intangible assets		135	909
Profit / (loss) on ordinary activities before interest and taxation		28,082	(16,664)
Net interest payable	4	(1,637)	(4,145)
Profit / (loss) on ordinary activities before taxation		26,445	(20,809)
Tax on profit / (loss) on ordinary activities	6	4,708	-
Profit / (loss) for the financial year	15	31,153	(20,809)

The Company's turnover and expenses all relate to continuing operations.

Leicester City Football Club Limited

Statement of total recognised gains and losses for the year ended 31 May 2015

	2015 £'000	2014 £'000
Profit / (loss) for the financial year	31,153	(20,809)
Unrealised surplus on revaluation of the stadium	-	4,346
Total recognised gains and losses recognised for the year	31,153	(16,463)

Note of historical cost profit and losses for the year ended 31 May 2015

	2015 £'000	2014 £'000
Reported profit / (loss) on ordinary activities before taxation	31,153	(20,809)
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	457	463
Historical cost profit / (loss) on ordinary activities before taxation	31,610	(20,346)
Historical cost profit / (loss) for the financial year	31,610	(20,346)

Leicester City Football Club Limited

Balance sheet as at 31 May 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	7	23,228	5,543
Tangible assets	8	52,684	49,357
Investments	9	-	-
		75,912	54,900
Current assets			
Finished goods and goods for resale		577	311
Debtors	10	22,232	6,419
Cash at bank and in hand		14,179	8,440
		36,988	15,170
Creditors: amounts falling due within one year	11	(62,973)	(46,888)
Net current liabilities		(25,985)	(31,718)
Total assets less current liabilities		49,927	23,182
Creditors: amounts falling due after more than one year	12	(2,484)	(6,892)
Net assets		47,443	16,290
Capital and reserves			
Called up share capital	14	112,756	112,756
Share premium account	15	8,475	8,475
Revaluation reserve	15	26,273	26,730
Profit and loss account	15	(100,061)	(131,671)
Total shareholders' funds	16	47,443	16,290

The financial statements on pages 13 to 33 were approved by the board of directors on 27th February 2016 and signed on its behalf by:


 Susan Whelan
 Chief Executive

Leicester City Football Club Limited

Cash flow statement for the year ended 31 May 2015

	2015 £'000	2014 £'000
Net cash inflow / (outflow) from operating activities (note a)	28,664	(4)
Returns on investments and servicing of finance		
Interest received	2	-
Interest paid	(167)	(17)
Net cash outflow from returns on investments and servicing of finance	(165)	(17)
Capital expenditure and financial investment		
Purchase of tangible and intangible fixed assets	(23,793)	(5,574)
Sale of tangible and intangible fixed assets	1,064	1,794
Net cash outflow from capital expenditure	(22,729)	(3,780)
Net cash inflow / (outflow) before financing	5,770	(3,801)
Financing		
Issue of Share Capital	-	106,185
Increase in borrowings (note 20)	-	20,386
Decrease in borrowings in year	(31)	(115,204)
Net cash (outflow) / inflow from financing	(31)	11,367
Increase in cash (note b)	5,739	7,566

Leicester City Football Club Limited

Notes to the cash flow statement for the year ended 31 May 2015

a) Reconciliation of operating profit / (loss) to net cash inflow / (outflow) from operating activities

	2015 £'000	2014 £'000
Operating profit / (loss)	27,985	(17,523)
Amortisation and impairments	7,337	3,207
Depreciation charge	2,333	1,690
Increase in stocks	(266)	(66)
Increase in debtors	(12,017)	(1,534)
Increase in creditors	3,292	14,222
Net cash inflow / (outflow) from operating activities	28,664	(4)

b) Reconciliation of net cash flow to movement in net debt

	2015 £'000	2014 £'000
Increase in cash in the year	5,739	7,566
Cash outflow from changes in debt	31	94,818
Change in net debt from cash flows	5,770	102,384
Other non-cash changes	(1,472)	(1,363)
Movement in net debt in the year	4,298	101,021
Opening net debt	(10,239)	(111,260)
Closing net debt (note c)	(5,941)	(10,239)

Leicester City Football Club Limited

Notes to the cash flow statement for the year ended 31 May 2015 (continued)

c) Analysis of net debt

	1 June 2014	Cash flow	Other non cash movements	31 May 2015
	£'000	£'000	£'000	£'000
Cash at bank and in hand	8,440	5,739	-	14,179
Debt due within one year	(32)	31	(31)	(32)
Debt due after one year	(245)	-	31	(214)
Hire purchase liabilities	(18,402)	-	(1,472)	(19,874)
Total debt	(18,679)	31	(1,472)	(20,120)
Net debt	(10,239)	5,770	(1,472)	(5,941)

Non cash movements relate to £1,472,000 (2014: £1,363,000) accrued interest on the stadium loan.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015

1 Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of the stadium, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Consolidated financial statements

Consolidated financial statements have not been prepared on the grounds of materiality under the exemption available under section 405 of the Companies Act 2006. The Company has one dormant wholly owned subsidiary with net assets of £2.

Going concern

During the year the Company was both profitable and cash positive and with Premier League safety secured for the 2016/17 season is forecast to continue to be so in the 2016/17 financial year. The Company however had net current liabilities at the year end.

In considering the appropriateness of the going concern basis for the preparation of these financial statements, the directors have considered the working capital requirements of the Company for the short, medium and longer term. As part of this the directors have reviewed in detail the cash flow forecasts prepared for the period of 12 months from the date of these financial statements.

Based on this, the Directors' consider that no additional funding will be required from the Company's owners, and the overdraft facilities will be maintained at the current available levels. The Directors monitor cash flow forecasts on a regular basis.

The directors therefore have a reasonable expectation that the Company will be able to continue as a going concern for the foreseeable future, and for this reason they continue to adopt the going concern basis in preparing the financial statements. Accordingly no provisions, reclassifications, or adjustments have been made in these financial statements to reflect the impact of the Company not being able to continue in business.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the value of goods delivered and services provided by the Company during the year (stated net of value added tax and the Football League Levy). Season ticket and sponsorship income received prior to the year end in respect of the following football season is treated as deferred income and recognised over the season to which it relates.

Central distributions from the FA Premier League and Football League and sponsorship income are recognised in the profit and loss account in the relevant financial period for the season to which the income relates.

All other income is recognised on the provision of the service or transfer of economic benefit.

Pensions

The Company operates defined contribution schemes for certain of its employees. The Company funds its pension liabilities through externally managed pension schemes. Contributions are charged against operating profits in the year in which payments are due.

Certain of the Company's employees and ex-employees are members of the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the Company is one of a number of participating employers in FLLPLAS it is not possible to identify the Company's share of the individual assets and liabilities within the scheme. However, the actuarial surplus or deficit is estimated and a provision is made for any unfunded obligation with any payments made being deducted from the outstanding balance. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Further details are set out in note 18.

Intangible fixed assets

The cost of player registrations is capitalised as an intangible asset and amortised over the period of the respective player's contract. Contingent player registration costs are capitalised when the directors have reasonable grounds to consider that payment will be made during the contract period of the player.

Goodwill arising on acquisition is the difference between the fair value of consideration and the fair value of the separately identifiable assets and liabilities acquired. Goodwill is capitalised and amortised over its estimated useful life.

Tangible fixed assets

Fixed assets are stated at cost or valuation less depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

With effect from 31 May 2009, the stadium is revalued every five years, with an interim valuation after three years, on an existing use basis. The Stadium was therefore revalued as at 31 May 2014.

Depreciation is provided at rates calculated to write down the cost or valuation of each asset to its residual value on a straight-line basis over its expected useful life. Rates applied are as follows:

Stadium / freehold buildings	-	2% per annum
Fixtures and fittings	-	10% - 20% per annum
Computer equipment	-	20% - 33% per annum
Motor vehicles	-	20% per annum

Freehold land is not depreciated.

Fixed asset investments

Investments held as fixed assets are stated at cost and reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment

Intangible and tangible fixed assets and investments are subject to review for impairment in accordance with FRS 11, Impairment of Fixed Assets and Goodwill. Any impairment in the value of fixed assets is charged to the profit and loss account, as an additional component of the depreciation or amortisation charges.

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are recognised as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair market value less costs to sell, and its value in use. In calculating value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of a risk-free interest rate adjusted for risk related to the specific asset. For assets dependent on other assets to generate cash flows, the recoverable amount is calculated for the income generating unit to which the asset belongs.

Impairment losses are reversed if there is a trigger that changes the recoverable amount, with the exception of impairment losses on goodwill. The impairment losses on the goodwill are only reversed where an external event caused the original impairment loss and subsequent external events clearly and demonstrably reverse the effect of that event in a way that was not foreseen in the original impairment assessment.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

1 Accounting policies (continued)

Leased assets

Assets purchased under finance leases and hire purchase contracts have been capitalised and depreciation is charged at rates calculated to write down the cost of each asset to its residual value on a straight-line basis over its expected useful life or the period of the lease, whichever is shorter. Interest is charged to profit so as to produce a constant periodic rate of charge on the remaining balance of the lease for each accounting period. Operating lease payments are charged to the profit and loss on a straight line basis.

Stocks

Stocks comprise goods for resale and are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Provision is made for obsolete items.

Signing on fees

Signing on fees payable to players are charged to the profit and loss account over the contract period of each player. Contractual obligations are recognised when they become payable, with prepayments or accruals arising at each period end included within current assets or current liabilities, as appropriate. Where a player's registration is transferred, any signing on fees payable in respect of future periods are charged against the profit/(loss) on disposal of players registrations in the period in which the disposal is recognised.

Deferred taxation

As required by FRS 19, deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. Deferred tax assets are only recognised to the extent that they are more likely than not to be recovered. No deferred tax has been recognised on the revalued stadium as the Company has no plans to dispose of this asset. Deferred tax assets and liabilities have not been discounted.

2 Turnover

Turnover, which is all derived from the Company's principal activity and originates in the United Kingdom, is analysed as follows:

	2015 £'000	2014 £'000
Match receipts	10,655	6,978
Other football income	73,675	5,590
Retailing and merchandise	2,436	1,632
Conference, banqueting and catering	880	880
Sponsorship, executive suites, advertising and other income	16,791	16,070
	104,437	31,150

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

3 Operating profit / (loss)

Operating profit / (loss) is stated after charging:

	2015 £'000	2014 £'000
Operating leases		
- plant and machinery	195	195
Depreciation:		
- owned tangible fixed assets	1,490	844
- assets held under finance leases and hire purchase contracts	843	846
Amortisation of intangible assets	7,337	3,207
Auditors' remuneration		
- audit of the Company's annual financial statements	41	41
- non-audit services – other assurance services	-	9
- non-audit services – tax advisory	20	105
- non-audit services – tax compliance	6	6

4 Net interest payable

	2015 £'000	2014 £'000
Interest payable and similar charges:		
Bank loans and overdrafts	167	12
Hire purchase contracts	1,472	1,363
Other loans	-	2,770
	1,639	4,145
Interest receivable and similar income – bank interest	(2)	-
	1,637	4,145

5 Staff costs

The average monthly number of employees during the year, including directors, was as follows:

	2015 Number	2014 Number
Players	52	42
Administration	155	146
	207	188

In addition, the Company employs on average 495 (2014: 458) casual staff on match days.

Employee costs, including directors, during the year amounted to:

	2015 £'000	2014 £'000
Wages and salaries	49,082	31,472
Benefits in kind	1,209	624
Social security costs	6,519	3,902
Other pension costs (note 18)	628	344
	57,438	36,342

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

5 Staff costs (continued)

The employee costs above include the following remuneration in respect of the directors of the Company.

	2015 £'000	2014 £'000
Aggregate emoluments	121	121
Pension contributions	24	12
	145	133

The aggregate emoluments of the highest paid director were £145,000 (2014: £133,000) and one of the directors was accruing benefits under a defined contribution pension scheme (2014: one). The remaining directors receive no remuneration through the company.

6 Tax on profit / (loss) on ordinary activities

	2015 £'000	2014 £'000
UK corporation tax		
- current year	-	-
Total current tax		-
Deferred tax		
- current year	(5,466)	-
- effect of changes in tax rate	758	
Total deferred tax (note 13)	(4,708)	-
Tax on profit / (loss) on ordinary activities	(4,708)	-

The standard rate of tax for the year ended 31 May 2015 was based on the UK effective rate of 20.83% (2014: 22.67%). The actual charge for the year is lower (2014: higher) than the standard rate for the reasons set out in the following reconciliation:

	2015 £'000	2014 £'000
Profit / (loss) on ordinary activities before taxation	26,445	(20,809)
Profit / (loss) on ordinary activities multiplied by effective rate in the UK of 20.83% (2014: 22.67%)	5,508	(4,717)
Effects of:		
Disallowable expenses	251	835
Accelerated capital allowances	-	228
Capital allowances in excess of depreciation	348	
Trading losses and other timing differences not recognised	-	3,654
Utilisation of trading losses	(6,107)	
Current tax charge for the year	-	-

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

6 Tax on profit / (loss) on ordinary activities (continued)

The March 2012 Budget included a reduction in the main rate of corporation tax for UK companies from 26% to 24% from 1 April 2012. Legislation to further reduce the main rate of corporation tax to 23% from 1 April 2013 was included in the Finance Act 2012 and substantively enacted in July 2012.

The Finance Act 2013 was substantively enacted on 2 July 2013 and includes legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015.

UK deferred tax has therefore been provided at 20% (2014: 20%).

7 Intangible assets

	Player registrations £'000	Goodwill £'000	Total £'000
Cost			
At 1 June 2014	18,164	4,266	22,430
Additions	25,025	-	25,025
Disposals	(1,568)	-	(1,568)
At 31 May 2015	41,621	4,266	45,887
Accumulated amortisation			
At 1 June 2014	12,621	4,266	16,887
Charge for the year	7,337	-	7,337
Disposals	(1,565)	-	(1,565)
At 31 May 2015	18,393	4,266	22,659
Net book amount			
At 31 May 2015	23,228	-	23,228
At 31 May 2014	5,543	-	5,543

The purchased goodwill arose as a result of the acquisition of the trade and certain assets and liabilities of Leicester City Football Club in 2003.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

8 Tangible assets

	Stadium £'000	Other land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost or valuation						
At 1 June 2014	41,582	2,313	7,192	67	1,807	52,961
Additions	-	-	4,542	-	1,170	5,712
Disposals	-	-	(971)	-	(268)	(1,239)
At 31 May 2015	41,582	2,313	10,763	67	2,709	57,434
Accumulated depreciation						
At 1 June 2014	-	200	2,297	57	1,050	3,604
Charge for the year	843	33	1,029	3	425	2,333
Disposals	-	-	(926)	-	(261)	(1,187)
At 31 May 2015	843	233	2,400	60	1,214	4,750
Net book amount						
At 31 May 2015	40,739	2,080	8,363	7	1,495	52,684
At 31 May 2014	41,582	2,113	4,895	10	757	49,357

The stadium was initially revalued on 31 May 2009 by DTZ Debenham Tie Leung Limited, on an existing use basis, at £41,463,000. Included within this valuation was freehold land of £4,777,000.

In accordance with the Clubs accounting policy a further valuation was undertaken on 31 May 2014, also by DTZ Debenham Tie Leung Limited, which valued the stadium at £41,582,000 as compared to the depreciated carrying value of £37,236,000 at that date. Included within this valuation is freehold land of £9,555,000 which is not depreciated. This valuation was carried out in accordance with the RICS appraisal and valuation manual.

If the stadium was stated on a historical cost basis, the amounts for cost, aggregate depreciation and net book amount respectively at 31 May 2015 would be £19,106,000 (2014: £19,106,000), £4,640,000 (2014: £4,256,000) and £14,466,000 (2014: £14,850,000).

Fixtures and fittings and computer equipment above includes assets costing £194,000 with a net book value of £91,000 held under finance leases.

The stadium is the subject of a hire purchase contract. The repayment terms of the contract are contingent on the revenues associated with the division of the Football League that the Club plays in during the duration of the contract. The payment profile of the contract has been calculated based on the league status of the Club at the year end. Amounts payable under finance leases and hire purchase contracts are set out in note 12.

Land included within "Other land and buildings" at a cost of £650,000 (2014: £650,000) is not depreciated.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

9 Investments

	2015	2014
	£	£
Shares in subsidiary	2	2

The investment relates to Leicester City Media Limited, a wholly owned dormant company incorporated in the United Kingdom. The directors believe that the carrying value of the investments is supported by their underlying net assets.

10 Debtors

	2015	2014
	£'000	£'000
Trade debtors	5,532	372
Transfer fees receivable	650	1,562
Deferred tax asset (note 13)	4,708	-
Other debtors	3,767	3,152
Prepayments and accrued income	7,575	1,333
	22,232	6,419

11 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Bank loans	32	32
Trade creditors	2,152	2,718
Transfer fees payable	7,154	2,448
Amounts owed to group undertakings:		
- subordinated loans and other amounts payable	8,767	8,767
- obligations under finance lease and hire purchase contracts	19,874	11,903
Taxation and social security	4,386	2,627
Other creditors	14,055	11,914
Accruals and deferred income	6,553	6,479
	62,973	46,888

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

12 Creditors: amounts falling due after more than one year

	2015 £'000	2014 £'000
Bank loans	214	245
Transfer fees payable	2,270	32
Amounts owed to group undertakings:		
- obligations under finance leases and hire purchase contracts	-	6,499
Accruals and deferred income	-	116
	2,484	6,892

Bank loans

	2015 £'000	2014 £'000
Amounts payable:		
Within one year	32	32
Between one and two years	32	32
Between two to five years	95	95
Greater than five years	87	118
	246	277

The bank loans are secured on the freehold training ground and a freehold property. Interest is payable at 1.75% above the bank base rate.

Obligations under finance leases and hire purchase contracts

	2015 £'000	2014 £'000
Amounts payable:		
Within one year	19,874	11,903
Between two and five years	-	6,499
After five years	-	-
	19,874	18,402

Amounts owed to parent company and companies under common control

	2015 £'000	2014 £'000
Amounts payable:		
Within one year	8,767	8,767

The balance of £8.8m (2014: £8.8m) represents accrued management fees, interest and travel costs.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

13 Provisions for liabilities and charges

Deferred tax

The movement in the deferred tax asset is as follows:

	2015 £000
At beginning of year	-
Credit to profit and loss account (note 6)	4,708
	<hr/>
At end of year (see note 10)	4,708

The deferred tax assets provided and those unprovided, calculated at 20% (2014: 20%), are as follows:

	2015		2014	
	Provided	Unprovided	Provided	Unprovided
	£'000	£'000	£'000	£'000
Accelerated capital allowances	482	-	-	148
Short term timing differences	49	-	-	72
Trading losses	4,177	13,474	-	23,485
	<hr/> 4,708	<hr/> 13,474	<hr/> -	<hr/> 23,705

No deferred tax liability has been recognised on the revalued stadium, as the Company has no current intention to dispose of this asset, however the unprovided amount would be approximately £5.3m (2014: £5.3m).

Deferred tax assets are not recognised where there is insufficient certainty over the availability of suitable taxable profits against which these losses can be utilised.

In addition to the changes in rates of corporation tax disclosed in note 6, further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

14 Called up share capital

	2015 £'000	2014 £'000
Allotted, and fully paid		
Ordinary shares of £1 each		
112,564,441 (2014: 112,564,441) ordinary shares of £1 each	112,564	112,564
Redeemable shares of £1 each		
1 (2014: 1) redeemable share of £1	-	-
'A' shares of 1p each		
19,138,432 (2014: 19,138,432) 'A' shares of 1p each	192	192
	112,756	112,756

The following rights attach to the 'A' shares:

- The 'A' shareholder shall have the right to appoint directors of the Company;
- The 'A' shareholder shall have the right to vote at any general meeting or at any separate meeting of the holders of the 'A' shares in the Company.

In the event of a qualifying offer which the 'A' shareholder wishes to accept, the 'A' shareholder shall give written notice to all the holders of the ordinary shares of its wish to accept the qualifying offer and that they require the ordinary shareholders to transfer all their shares to the offeror.

In the event of a qualifying offer the ordinary shareholders are required to transfer all their ordinary shares in issue at a price being not less than £0.10 and not more than £1.00 per share.

On the winding-up of the Company the surplus assets shall be applied, first, in repaying the members the amount paid up on their shares respectively in accordance with their entitlements. If such assets are insufficient to repay the said amount in full, they shall be applied rateably, so that the loss shall fall upon the members in proportion to the amount called up on their shares respectively. No member shall be entitled to have any call upon other members for the purpose of adjusting the members' rights; but where any call has been made and has been paid by some of the members such call be enforced against the remaining members for the purpose of adjusting the rights of the members between themselves.

If the surplus assets shall be more than sufficient to pay to the members the whole amount paid upon their shares, the balance shall be given by the members of the Company, at or before the time of dissolution as they direct, to The Football Association Benevolent Fund, or to some Club or Institute in Leicestershire with objects similar to those set out in the Memorandum of Association of the Company or to any local charity, or charitable or benevolent institution situated within Leicestershire.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

15 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 June 2014	8,475	26,730	(131,671)
Profit for the financial year	-	-	31,153
Transfer to profit and loss account	-	(457)	457
31 May 2015	8,475	26,273	(100,061)

16 Reconciliation of movements in total shareholders' (deficit)/funds

	2015 £'000	2014 £'000
Profit / (loss) for the financial year	31,153	(20,809)
Share Capital Issued	-	106,185
Revaluation	-	4,346
Net movement in total shareholders' funds	31,153	89,722
Opening total shareholders' funds/(deficit)	16,290	(73,432)
Closing total shareholders' funds	47,443	16,290

17 Leasing commitments

At 31 May, the Company had annual commitments under non-cancellable operating leases for plant and equipment expiring as follows:

	2015 £'000	2014 £'000
Within one year	16	-
Within two to five years	67	131

18 Pension costs

Certain employees of the Company (professional footballers) are members of the Football League Limited Players Retirement Scheme.

Other employees of the Company are members of the Football League Limited pension and life assurance scheme or the Football League Limited group personal pension plan with certain other employees belonging to the Leicester City Football Club group personal pension scheme.

These are all defined contribution schemes, and contributions are expensed in the profit and loss account as they become payable. The pension cost charge represents contributions payable by the company to the fund and amounted to £628,830 (2014: £298,588).

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

18 Pension costs (continued)

Certain employees and ex-employees of the Company are members of the closed Football League Limited Pension and Life Assurance Scheme, a defined benefit scheme. As the Company is one of a number of participating employers in the scheme, it is not possible to allocate any actuarial surplus or deficit on an annual basis. However, under Section 75 of the Pensions Act 1995, the Company, as a participating employer in the scheme, is liable to fund the deficit relating to Company's ex-employees who are members of the scheme. The Scheme Actuary finalised a full valuation as at 31 August 2014 in April 2015 and allocated £199,139 as the Club's share of the deficit as at 1 September 2014. The increase in the deficit arising from this revaluation of £138,943 was recognised in the profit and loss account for the year ended 31 May 2015. The deficit is funded by annual contributions and the Club incurs interest at 6% on its allocated share of the deficit. The balance outstanding at the year-end date is included in other creditors. The Club has made contributions of £158,377 in the year (2014: £45,252). The assets of the scheme are held separately from those of the Company.

19 Contingencies and commitments

a) Player transfer costs

The Company has certain contracts with other football clubs that relate to player transfers. Under the terms of these contracts, additional amounts become payable or receivable if conditions concerning future team successes and appearances are met. The maximum amount that is potentially payable and receivable under these contracts is £3,808,000 (2014: £2,346,000) and £2,500,000 (2014: £2,810,000) respectively. £2,090,000 of the total potential fees and the associated Levy were provided for as at 31 May 2015 (2014: £270,000).

b) Capital commitments

At 31 May 2015, the Company had committed capital expenditure of £660,000 (2014: £4,020,000).

20 Related party transactions

The Company owed £5,282,647 as at 31 May 2015 and 2014 to King Power International Limited, the Company's immediate parent undertaking. The balance relates to outstanding interest on a now fully repaid subordinated loan previously made to the Company.

Members of the King Power group also were party to Sponsorship agreements with the Company with a value of £129,994 and retail items were supplied to the value of £68,103. The Company purchased £134,181 of retail products from other members of the King Power Group.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2015 (continued)

20 Related party transactions continued

The freehold interest in the King Power Stadium was acquired in February 2013 by K Power Holdings Company Limited, a company also controlled by members of the Srivaddhanaprabha family. As part of the acquisition of the Stadium the hire purchase obligations between the previous owner and the Company were assigned to K Power Holdings Company Limited. Accordingly the outstanding balance payable as at 31 May 2015 under this agreement of £19,874,279 (2014: £18,402,111) is now due to another group company. This obligation incurs interest at 8% per annum and £1,472,169 (2014: £1,363,095) has accrued on the amount during the year.

The Company was party to a management agreement with K Power Sports Investment where the Club was charged a management fee based on turnover for management services provided. This agreement came to an end on 31 May 2013 however the balance of £3,484,810 (2014: £3,484,810) remains outstanding at the year-end.

Member companies of the King Power Group have entered into sponsorship agreements with Trestellar Limited in relation to the acquisition of sponsorship and marketing inventory including the front of shirt sponsorship and the stadium naming rights at the Club which has been licenced to Trestellar Limited.

21 Ultimate parent company and controlling party

The Company's immediate parent undertaking is King Power International Limited, a company incorporated in the Kingdom of Thailand. The ultimate parent and controlling party of King Power International Limited is V&A Holdings Company Limited, a company incorporated in the Kingdom of Thailand and the beneficial owner of V&A Holdings Limited is the Srivaddhanaprabha family.

22 Subsequent events

Since 31 May 2015 the Club has contracted for the purchase and sale of various players and has also incurred costs in relation to a change of manager. The net cost of these transactions, taking into account the applicable levies and contingent fees but excluding value added tax, is £33.7m (2014: £13.0m). These transfers and costs will be accounted for in the year ending 31 May 2016.