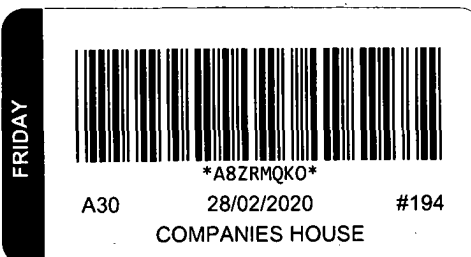


Leicester City Football Club Limited
Annual report and financial statements
for the year ended 31 May 2019
Registered number: 04593477



Leicester City Football Club Limited

Annual report and financial statements for the year ended 31 May 2019

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Leicester City Football Club Limited

Directors and advisors

Registered office

King Power Stadium
Filbert Way
Leicester
Leicestershire
LE2 7FL

Directors

Aiyawatt Srivaddhanaprabha
Apichet Srivaddhanaprabha
Shilai Liu
Susan Whelan

Bankers

Barclays Bank plc
One Snowhill,
Snowhill Queensway,
Birmingham,
B4 6GN

Independent auditors

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

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2019

The directors present their strategic report and the audited financial statements for the year ended 31 May 2019.

Principal activities

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

Results

The Club's year was defined by some challenging events, including the tragic loss of the Club's Chairman, Vichai Srivaddhanaprabha in October 2018. These events however have strengthened the deep commitment of the Club, its Directors and shareholders to honour the legacy of the late Chairman by pushing forward the sustainable long term development of the Club. Investment continues both into the football squad and management team and into the off pitch infrastructure and management including the Club continuing construction of its new industry leading Training Ground which is expected to complete summer 2020.

The Club made a Loss before tax of £20.2m (2018: £1.6m profit) principally as a result of continued investment in the Clubs 1st team squad and costs incurred in association with the change of manager in the year leading to the appointment of Brendan Rodgers as 1st team manager. The Loss after tax for the financial year was £17.4m (2018: £1.5m profit).

The Club finished 9th in the Premier League for the second season in succession.

The turnover of the Club has increased to £178.4m from £158.9m in 2018. The majority of this increase is a result of the Club growing its commercial sponsorship turnover..

Cost of sales increased by £55.4m to £235.1m (2018: £179.7m). This includes a £17.3m increase in the amortisation costs of player's registrations and £30.5m increase in staff costs both arising from increased investment in the playing squad and changes to the management team.

Administrative expenses increased by £3.8m to £12.9m (2018, £9.1m) arising mainly from a £1.5m deterioration year on year on foreign exchange movement and £1.1m expenditure incurred following the tragic loss of the Club's Chairman. There were also smaller cost increases including £0.3m abortive costs relating to a potential site for the Clubs training ground, £0.3m staff costs and £0.3m for additional IT systems. Stadium expenses increased by £0.7m to £5.3m (2018 £4.6m).

Net interest payable for the year increased to £4.3m (2018: £2.7m) as a result of the Club entering into external financing agreements during the year and a net increase in the net finance expense recognised on debtor and creditor balances under FRS102 in relation to the growing value of non current transfer debtors and creditors.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2019 (continued)

Results (continued)

In the year to 31 May 2019, player trading realised profits of £58.4m (2018: £38.3m), arising principally from the disposal of the registrations of Riyad Mahrez and Ahmed Musa.

King Power International (KPI) and the Srivaddhanapraba family continue to provide the vision and support, which has enabled the Club to move forward and progress.

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

The Company had a net cash outflow for the year of £15.9m (2018: outflow of £24.6m) comprising a £13.7m cash outflow from operating activities (2018: inflow of £28.7m) and a net investment in tangible and intangible assets of £61.5m (2018: net investment of £50.3m). In the current year there was £59.3m net cash inflow from financing activities (2018: outflow of £3.0m). No dividend has been paid in the year (2018: £nil).

Investment in tangible assets included £13.4m (2018: £6.2m) relating to the new training ground at Seagrave.

Key performance indicators

	2019	2018
Average league attendance	31,851	31,636
Cash and equivalents at year end (£'000)	11,468	27,384
Staff costs (per note 5)/turnover expressed as a percentage	83.8%	74.9%
Operating (loss) / profit excluding player amortisation, impairments, and player trading (£'000)	(10,844)	14,341

Operating (loss) / profit (2019: loss of £15,957,000, 2018: profit of £4,253,000) excluding player amortisation (2019: £63,509,000, 2018: £48,419,000), impairments (2019: £nil, 2018: £nil), and player trading (2019: £58,396,000, 2018: £38,330,000) is used to measure the Clubs underlying profitability before player trading.

Asset values

At the year end there were 56 (2018: 53) 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 £178.7m as at 31 May 2019 (2018: £144.5m). No impairment provision has been recognised in 2019 against the carrying value (2018: £nil). The directors' assessment of the market value of the playing squad at 31 May 2019, which includes those players where the market value exceeds their carrying values, is £481.6m (2018: £346.7m). The Club's investment in player's registrations of £119.2m and a rise in player's registration market value arising from both market increases and players form has created this increase.

The King Power Stadium is currently carried at £43.5m (2018: £38.2m), which reflects the current market value of the stadium based on a valuation by Savills plc on 31 May 2019.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2019 (continued)

Future outlook

The Club commenced construction on its new state of the art training ground during the year and the project is on track to be fully available for the pre-season summer 2020. Detailed design and feasibility work is ongoing in relation to the possible extension of the King Power Stadium and the development of the extended site.

The Premier League concluded the deals for TV and sponsorship relating to the 3 years from 2019-2022 and these have come into effect for the 2019/20 season. The Premier League Clubs have also agreed a change to the distribution of these revenues between the member Clubs which will lead to an increase in the income of the Club as long as it continues to finish in the top half of the Premier League each season.

The Club's on pitch performance in the Premier League is currently extremely pleasing with the Club currently in the Champions League qualification places. Should the Club continue this level of performance it is hoped that the Club would participate in European Football next season which will drive an increase in turnover across the business. The Club continues to aspire to challenge the big 6 Clubs both on and off the pitch.

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, Financial Fair Play ("FFP"), employees, business environment and finance related risks:

Football

Membership of, and finishing position in, the Premier League have a highly material impact on the turnover and cash generation of the Club. The Company also faces the risk of underperforming against crowd expectations which has a significant impact on turnover and cash generation. Qualification for European competition also has a highly material impact on the turnover and cash flows of the Club for the season in question. 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.

Brexit

Brexit presents a limited risk to Premier League Football Clubs including Leicester City Football Club other than the risk of a major negative shock to the UK economy. Some limited risks in the short term exist around exchange exposure in Euros and a failure of the UK Government and the Football authorities to agree a revised process for the admission to work of non UK players and managers.

Leicester City Football Club Limited

Strategic report for the year ended 31 May 2019 (continued)

Financial Fair Play

The Club is currently regulated for FFP under the Premier League Profitability and Sustainability Regulations as well as the UEFA Profitability and Sustainability Regulations. The 2018/19 season is the last season the Club is also subject to the Premier League 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 Directors are confident the Club will continue to comply with the Premier League Sustainability and Profitability requirements, the UEFA Financial Fair Play ("FFP") and licencing requirements and complied with the Short Term Cost Control regulations in the 2018/19 season.

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.


The Company continues its policy of keeping its employees informed on a regular basis of matters concerning them as employees and on financial and economic factors affecting the performance of the Company.

Business environment

The Company operates in a challenging business environment/industry sector where turnover can reduce 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.

The Club now purchases and sells players in multiple currencies. Where the Club has material assets or liabilities in the future the Club reviews its net exchange risk position and where necessary enters into hedging arrangements.

On behalf of the Board



Susan Whelan
Chief Executive
27 February 2020

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2019

The directors present their report and the audited financial statements for the year ended 31 May 2019.

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, exchange 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 weekly 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 11.

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.

Exchange rate risk

The Company manages its exchange risk by reviewing its net asset and liability exposure in various currencies and where it is believed that net exposure needs to be hedged the Club enters into forward hedging contracts.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2019 (continued)

Going concern

The Company was loss making at an operating level in the 2018/19 financial year and has a net current liabilities position at the year end. The net current liability position has arisen mostly due capital expenditure relating to the construction of the training ground and initial design and feasibility work on the stadium and investment in the playing squad.

The directors have considered the working capital requirements of the Company for the short, medium and longer term including investment in and the cost of the playing squad. In addition there are significant net cash requirements over the next 18 months as part of the training ground and stadium redevelopment.

As part of their considerations the directors have reviewed in detail the cash flow forecasts prepared for the period of 12 months from the date of this report. These forecasts show that the Company is reliant on continued funding from external banks and / or the holding company, King Power International Limited. Since the year end the Company has entered into a 6 year loan facility for £91m from its holding company to finance the remaining construction of the training Ground.

The Club also secured £54m in short term bank facilities during the 2018/19 financial year to fund this requirement and is in discussions with several banking institutions and its shareholders to enter into further longer term debt and equity investment agreements. Since the year end the Club has entered into a £45m facility with Macquarie Bank which partially replaced £38m of the above facilities as well as the £91m facility above.

The Board, of which two members are the majority shareholders of the Club's ultimate controlling party, have received confirmation that the ultimate holding Company will provide funding where necessary to meet the requirements of the Company for the next 18 months. Further King Power International has confirmed that existing liabilities will not be called in for the foreseeable future and not less than 12 months from the date of approval of these financial statements.

The Directors therefore have a reasonable expectation that the necessary funding will be available when required and the financial statements have therefore been prepared on a going concern basis.

Dividend

No dividends will be distributed for the year ended 31 May 2019 (2018: Nil).

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2019 (continued)

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Vichai Srivaddhanaprabha (Chairman)	(Deceased 22 October 2018)
Aiyawatt Srivaddhanaprabha	(Appointed Chairman 8 August 2019)
Apichet Srivaddhanaprabha (Vice Chairman)	
Shilai Liu (Vice Chairman)	
Supornthip Choungrangsee	(Resigned 20 June 2018)
Susan Whelan	

Directors' indemnity insurance

The company maintains liability insurance for all of its directors.

Employees

Employment policies are described in the strategic report on page 5.

Disabled persons

The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the Company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available and any necessary training is arranged. Disabled employees are treated equally with all employees in respect of their eligibility for training, career development and promotion.

Charitable donations

Each year the Club chooses a group of charities to support for the relevant season via its own charity, the Vichai Srivaddhanaprabha Foundation (formerly the LCFC Foxes Foundation). The Club provides free administration, management and accounting support.

The Club also has several match-day collections during every season. Collections for St John's Ambulance, The Royal British Legion and the Vichai Srivaddhanaprabha Foundation have either been undertaken in the 2018/19 season or will be undertaken in the 2019/20 season.

The Company also supports Leicester City Football Club Trust, a charitable trust aimed at the promotion and provision of sport, education, health and football services for the community in the City of Leicester and in the Counties of Leicestershire and Rutland. The Club donated £28,250 as well as significant in kind contributions during the year.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2019 (continued)

Charitable donations (continued)

The Company has made charitable donations in the year of £1,263,000 (2018: £1,194,000) which includes a £1m donation to the Vichai Srivaddhanaprabha Foundation.

Subsequent events

Since the year end the Club has invested £47.2m in its facilities including £41.7m on the new training ground at Seagrave, £2.6m on the proposed stadium expansion and £1.2m on stadium floodlights.

Since 31 May 2019 the Club has contracted for the purchase, sale and loan of various players. The net cost of these transactions, taking into account the applicable levies and contingent fees but excluding value added tax, is £28.9m (2018: £43.3m). These transfers and costs will be accounted for in the year ending 31 May 2020.

On 5 October 2019 the Club signed an agreement with King Power International Co Limited to provide a 6 year £91m construction facility to fund the construction of the new training ground.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Leicester City Football Club Limited

Directors' report for the year ended 31 May 2019 (continued)

Statement of disclosure of information to auditors

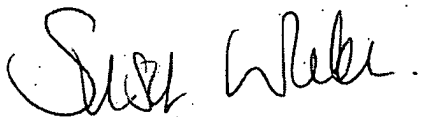
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves 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 2020
Registered number: 04593477

Leicester City Football Club Limited

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

Report on the audit of the financial statements

Opinion

In our opinion, Leicester City Football Club Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet; the Profit and loss account and Statement of comprehensive income, the Cash flow statement and the notes to the cash flow statement, the Statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Leicester City Football Club Limited

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

Conclusions relating to going concern (continued)

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 May 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Leicester City Football Club Limited

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Leicester City Football Club Limited

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

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
28 February 2020

Leicester City Football Club Limited

Profit and loss account for the year ended 31 May 2019

	Note	2019 £'000	2018 £'000
Turnover	2	178,429	158,881
Cost of sales		(235,123)	(179,726)
Gross loss		(56,694)	(20,845)
Administrative expenses		(18,189)	(13,719)
Other operating income		942	632
Loss on disposal of fixed assets		(412)	(145)
Profit on disposal of player registrations		58,396	38,330
Operating (loss) / profit	3	(15,957)	4,253
Interest receivable and similar income	4	1,742	810
Interest payable and similar expenses	4	(6,031)	(3,484)
Net interest payable	4	(4,289)	(2,674)
(Loss) / profit before taxation		(20,246)	1,579
Tax on (loss) / profit	6	2,893	(85)
(Loss) / profit for the financial year		(17,353)	1,494

The above is in relation to continuing activities. Administrative expenses includes stadium expenses of £5,318,000 (2018: £4,644,000).

Statement of comprehensive income for the year ended 31 May 2019

	Note	2019 £'000	2018 £'000
(Loss) / profit for the financial year		(17,353)	1,494
Other comprehensive (expense)/income			
Deferred tax current year (charge)/credit		(1,208)	79
Revaluation surplus		7,108	-
Total comprehensive (expense)/income for the year		(11,453)	1,573

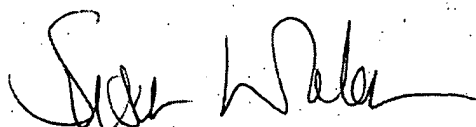
Leicester City Football Club Limited

Balance sheet as at 31 May 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	7	179,287	145,321
Tangible assets	8	79,819	59,482
Investments	9	-	-
		259,106	204,803
Current assets			
Inventories		2,325	522
Debtors (including amounts due after one year of £25,970,000 (2018: £305,000))	10	100,909	52,720
Cash at bank and in hand		11,468	27,384
		114,702	80,626
Creditors: amounts falling due within one year	11	(180,492)	(111,831)
Net current liabilities		(65,790)	(31,205)
Total assets less current liabilities		193,316	173,598
Creditors: amounts falling due after more than one year	12	(53,466)	(21,422)
Provisions for liabilities	13	(6,668)	(7,541)
Net assets		133,182	144,635
Capital and reserves			
Called up share capital	14	112,756	112,756
Share premium account		8,475	8,475
Revaluation reserve		31,530	24,882
Profit and loss account		(19,579)	(1,478)
Total shareholders' funds		133,182	144,635

The notes on pages 20 to 41 are an integral part of these financial statements.

The financial statements on pages 15 to 41 were approved by the board of directors on 27 February 2020 and signed on its behalf by:



Susan Whelan
Chief Executive

Registered number: 04593477

Leicester City Football Club Limited

Statement of changes in equity for the year ended 31 May 2019

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders funds £'000
Balance as at 1 June 2017	112,756	8,475	25,348	(3,517)	143,062
Profit for the financial year	-	-	-	1,494	1,494
Other comprehensive income for the year	-	-	-	79	79
Transfer to profit and loss account	-	-	(466)	466	-
Balance as at 31 May 2018	112,756	8,475	24,882	(1,478)	144,635
Loss for the financial year	-	-	-	(17,353)	(17,353)
Other comprehensive expense for the year	-	-	7,108	(1,208)	5,900
Transfer to profit and loss account	-	-	(460)	460	-
Balance as at 31 May 2019	112,756	8,475	31,530	(19,579)	133,182

The accounting policies and the notes on pages 20 to 41 form part of these financial statements.

Leicester City Football Club Limited

Cash flow statement for the year ended 31 May 2019

	2019 £'000	2018 £'000
Cash flow from operating activities (note a)	(13,830)	29,435
Taxation received / (paid)	104	(732)
Net cash flow (used in)/generated from operating activities	(13,726)	28,703
Cash flow from investing activities		
Purchase of tangible fixed assets	(22,075)	(9,243)
Purchase of intangible fixed assets	(90,642)	(69,884)
Sale of tangible fixed assets	400	250
Sale of intangible fixed assets	50,782	28,606
Interest received	3	-
Net cash used in investing activities	(61,532)	(50,271)
Cash flow from financing activities		
Loan amounts received	59,535	-
Repayment of obligations under finance leases	-	(3,000)
Interest paid	(193)	(4)
Net cash generated from/(used in) financing activities	59,342	(3,004)
Net decrease in cash and cash equivalents	(15,916)	(24,572)
Cash and cash equivalents at start of year	27,384	51,956
Cash and cash equivalents at end of year	11,468	27,384
Cash and cash equivalents consists of:		
Cash at bank and in hand	11,468	27,384
Cash and cash equivalents	11,468	27,384

Leicester City Football Club Limited

Notes to the cash flow statement for the year ended 31 May 2019

a) Reconciliation of (loss) / profit for the financial year to cash generated from operating activities

	2019 £'000	2018 £'000
(Loss) / Profit for the financial year	(17,353)	1,494
Tax on (loss) / profit	(2,893)	85
Net interest payable	4,289	2,674
Operating (loss) / profit before interest and taxation	(15,957)	4,253
Amortisation and impairment charge	63,979	48,807
Depreciation charge	3,495	3,147
Profit on disposal of tangible and intangible fixed assets	(57,984)	(38,185)
(Increase) / Decrease in inventories	(1,803)	1,010
(Increase) / Decrease in debtors	(12,123)	16,407
Increase / (Decrease) in creditors	6,563	(2,904)
Settlement of provisions	-	(3,100)
Cash flow from operating activities	(13,830)	29,435

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019

1 Accounting policies

General information

Leicester City Football Club Limited's ('the Company') is a private company limited by shares. The principal activity of the company continues to be the operation of a professional football team.

The Company is incorporated and domiciled in the UK. The address of its registered office is King Power Stadium, Filbert Way, Leicester, LE2 7FL.

Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The company has not taken advantage of any of the FRS 102 disclosure exemptions available to qualifying entities. The Company has not early adopted the improvements and clarifications introduced by the Triennial review 2017. These changes are effective for accounting periods beginning on or after 1 January 2019, and therefore will be applied to the 2019/20 financial statements. There are no expected changes in the measurement and recognition of items on adoption of the Triennial review amendments.

Summary of significant accounting policies

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

Basis of accounting

The financial statements have been prepared on the going concern basis, under the modified historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are also disclosed in this note.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

1 Accounting policies (continued)

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 (2018:2).

Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Going concern

The Company was loss making at an operating level in the 2018/19 financial year and has a net current liabilities position at the year end. The net current liability position has arisen mostly due capital expenditure relating to the construction of the training ground and initial design and feasibility work on the stadium and investment in the playing squad.

The directors have considered the working capital requirements of the Company for the short, medium and longer term including investment in and the cost of the playing squad. In addition there are significant net cash requirements over the next 18 months as part of the training ground and stadium redevelopment.

As part of their considerations the directors have reviewed in detail the cash flow forecasts prepared for the period of 12 months from the date of this report. These forecasts show that the Company is reliant on continued funding from external banks and or the holding company, King Power International Limited. Since the year end the Company has entered into a 6 year loan facility for £91m from its holding company to finance the remaining construction of the training Ground.

The Club also secured £63m in short term facilities during the 2018/19 financial year to fund this requirement and is in discussions with several banking institutions and its shareholders to enter into further longer term debt and equity investment agreements.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

1 Accounting policies (continued)

Going concern (continued)

The Board, of which two members are the majority shareholders of the Club's ultimate controlling party, have received confirmation that the ultimate holding Company will provide funding where necessary to meet the requirements of the Company for the next 18 months. Further King Power International has confirmed that existing liabilities will not be called in for the foreseeable future and not less than 12 months from the date of approval of these financial statements.

The Directors therefore have a reasonable expectation that the necessary funding will be available when required and the financial statements have therefore been prepared on a going concern basis.

Turnover

Turnover represents the value of goods delivered and services provided by the Company during the year (stated net of value added tax). Season tickets (recognised within Gate receipts) and Sponsorship and advertising 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 Broadcasting rights and other distributions from the FA Premier League, UEFA in relation to the Champions League and sponsorship and advertising income are recognised in the profit and loss account in the relevant financial period for the season to which the income relates.

Commercial turnover comprises amounts receivable from the utilisation of the Leicester City brand through sponsorship and other commercial agreements, including minimum guaranteed turnover and fees generated by the Leicester City first team promotional tours. Minimum guaranteed turnover is recognised over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship benefits enjoyed by the individual sponsor. In instances where the sponsorship rights remain the same over the duration of the contract, turnover is recognised on a straight-line basis.

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

Employee Benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i. Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

1 Accounting policies (continued)

Employee Benefits (continued)

ii. Defined contribution pension plans

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.

iii. Defined benefit pension plans

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 16.

Intangible fixed assets

The fair value of the cost of player registrations is capitalised as an intangible asset and amortised over the period of the respective player's contract. The fair value of 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. Capitalised costs in relation to contingent fee elements are expensed to the profit and loss account when the contingent event can no longer be achieved.

Goodwill arose historically on acquisition as the difference between the fair value of consideration and the fair value of the separately identifiable assets and liabilities acquired. Goodwill is capitalised and reviewed annually for impairment, but is now fully amortised.

Computer Software and associated development costs are also capitalised as Intangible assets and are amortised over their useful life. Rates applied are between 20% - 33% per annum.

Player Sales and loan income

Profit on sale of player registrations and fees in relation to the temporary transfer of player registrations are recognised at fair value during the period in which the transaction takes place. The profit is stated net of all disposal costs and after releasing any unrealised provisions relating to the players registration. Reimbursement of player salaries during the temporary registration period is deducted from cost of sales reducing net player employment costs.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

1 Accounting policies (continued)

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.

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. Both the Stadium and the training ground were revalued as at 31 May 2019.

Before transitioning to FRS 102, the company adopted a policy of revaluing freehold land and buildings and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from revaluation reserve to retained earnings.

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 102, section 27, Impairment of Assets. 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.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

1 Accounting policies (continued)

Impairment (continued)

Impairment losses are reversed if there is a trigger that changes the recoverable amount, with the exception of impairment losses on goodwill.

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.

Inventories

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.

Cash

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

1 Accounting policies (continued)

Financial instruments

The company has chosen to adopt sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rates of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and amounts due to fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest.

Borrowing costs.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

1 Accounting policies (continued)

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Taxation

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities recognised on the movement in the fair value of tangible fixed assets is recognised within other comprehensive income.

Related party transactions

The company discloses transactions with related parties which are both wholly and not wholly owned with the same group.

Critical accounting judgements and estimation uncertainty

We believe that the following accounting policies reflect the most critical judgments, estimates and assumptions and are significant to the financial statements.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

1 Accounting policies (continued)

Recognition of deferred tax assets/liabilities

Deferred tax effects of temporary differences are recognised between the financial statement carrying amounts and the tax basis of our assets and liabilities. Deferred tax assets are recognised only to the extent that it is probable that the associated deductions will be available for use against future profits and that there will be sufficient future taxable profit available against which the temporary differences can be utilised, provided the asset can be reliably quantified. In estimating future taxable profit, management use "base case" approved forecasts which incorporate a number of assumptions, including a prudent level of future uncontracted income in the forecast period. In arriving at a judgment in relation to the recognition of deferred tax assets, management considers the regulations applicable to tax and advice on their interpretation. Future taxable income may be higher or lower than estimates made when determining whether it is appropriate to record a tax asset and the amount to be recorded. Furthermore, changes in the legislative framework or applicable tax case law may result in management reassessing the recognition of deferred tax assets in future periods. Brought forward taxable losses do not expire.

2 Turnover

All turnover is derived from the Company's principal activity in the United Kingdom, is analysed as follows:

	2019 £'000	2018 £'000
Broadcasting rights	127,865	124,152
UEFA club competitions	-	71
Sponsorship and advertising	26,146	14,181
Gate receipts	14,686	12,869
Commercial turnover	6,802	6,523
Other income	2,930	1,085
	178,429	158,881

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

3 Operating (loss) / profit before interest and taxation

Operating (loss)/profit before interest and taxation is stated after charging / (crediting):

	2019 £'000	2018 £'000
Operating leases		
- plant and machinery	63	67
Depreciation:		
- owned tangible fixed assets	2,651	2,305
- assets held under finance leases and hire purchase contracts	843	842
Foreign exchange losses/(gains)	479	(997)
Amortisation of intangible assets	63,979	48,807
Impairment/(Reversal of impairment) of trade receivables	2	(37)
Impairment of inventory	55	98
Inventory recognised as an expense	2,624	3,188
Loss on disposal on tangible fixed assets	(412)	(145)
Profit on disposal on intangible fixed assets	58,396	38,330
Auditors' remuneration		
- audit of the Company's annual financial statements	49	40
- non-audit services – interim accounts	11	10
- non-audit services – tax advisory & compliance	126	71

2018 amortisation above excludes a £2.1m credit relating to contingent transfer fees that can no longer be triggered.

4 Net interest payable

	2019 £'000	2018 £'000
Interest payable and similar expenses:		
Bank loans and overdrafts	1,103	4
Hire purchase contracts	1,186	1,165
Interest on transfer fees payable	3,681	2,315
Interest payable to group undertakings	54	-
Other interest payable	7	-
	6,031	3,484
Interest receivable and similar income:		
Bank interest receivable	(3)	-
Interest on transfer fees receivable	(1,739)	(810)
	(1,742)	(810)
Net interest payable	4,289	2,674

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

5 Staff costs

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

	2019 Number	2018 Number
Players	60	54
Administration	260	236
	320	290

In addition, the Company employs on average 587 (2018: 653) casual staff on match days.

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

	2019 £'000	2018 £'000
Wages and salaries	122,396	97,452
Benefits in kind	9,809	7,906
Social security costs	16,718	13,297
Other pension costs (note 16)	589	358
	149,512	119,013

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

	2019 £'000	2018 £'000
Aggregate emoluments	237	286
Pension contributions	22	22
	259	308

The aggregate emoluments of the highest paid director were £259,000 (2018: £308,000) and one of the directors was accruing benefits under a defined contribution pension scheme (2018: one). The remaining directors receive no remuneration through the company.

Key management compensation	2019 £'000	2018 £'000
Salaries and other short-term benefits	237	286
Post-employment benefits	22	22
Share based payments	-	-
	259	308

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

6 Tax on (loss) / profit

	2019 £'000	2018 £'000
UK corporation tax		
- adjustments in respect of prior periods	(812)	812
Total current tax	(812)	812
Deferred tax		
- origination and reversal of timing differences	(3,230)	517
- adjustments in respect of prior periods	809	(1,190)
- effect of changes in tax rate	340	(54)
Total deferred tax (note 13)	(2,081)	(727)
Tax on (loss) / profit	(2,893)	85

The standard rate of tax for the year ended 31 May 2019 is based on the UK standard rate of 19% (2018: 19%). The actual charge for the year is higher (2018: lower) than the standard rate for the reasons set out in the following reconciliation:"

	2019 £'000	2018 £'000
(Loss) / Profit before taxation	(20,246)	1,579
Tax on (loss) / profit at standard UK tax rate of 19.00% (2018: 19.00%)	(3,847)	300
Effects of:		
Expenses not deductible	617	217
Adjustment from previous periods	(3)	(378)
Tax rate changes	340	(54)
Total tax (credit) / charge for the year	(2,893)	85

The main rate of corporation tax was reduced from 20% to 19% with effect from 1 April 2017. A further change to the UK corporation tax rate to reduce it to 17% from 1 April 2020 was substantively enacted as part of Finance Bill 2016 on 6 September 2016. Deferred tax has been measured using the tax rates that are expected to apply in the period that the asset is realised or the liability is settled.

The corporation tax credit for the period arises as a result of losses being carried back for offset against taxable profits arising in the prior year. The deferred tax credit for the period mainly arises as a result of increased tax losses carried forward as a result of losses arising in the current year and higher rollover relief claims being included in the final submitted tax computation for the prior year than was estimated at the time of the tax provision.

A deferred tax credit of £1,208,000 (2018: £nil) on the revaluation of the stadium and training ground has been recognised within Other Comprehensive Income.

The adjustments in respect of prior periods relate to changes to the Company's rollover relief claim which was submitted subsequent to the completion of the 2018 financial statements.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

7 Intangible assets

	Player registrations £'000	Computer Software £'000	Goodwill £'000	Total £'000
Cost				
At 1 June 2018	237,640	1,294	4,266	243,200
Additions	119,171	240	-	119,411
Disposals	(58,823)	-	-	(58,823)
At 31 May 2019	297,988	1,534	4,266	303,788
Accumulated amortisation				
At 1 June 2018	93,179	434	4,266	97,879
Charge for the year	63,509	470	-	63,979
Disposals	(37,357)	-	-	(37,357)
At 31 May 2019	119,331	904	4,266	124,501
Net book amount				
At 31 May 2019	178,657	630	-	179,287
At 31 May 2018	144,461	860	-	145,321

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 2019 (continued)

8 Tangible assets

	Stadium £'000	Training Ground £'000	Other land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost, or valuation							
At 1 June 2018	41,582	-	8,381	19,008	12	3,515	72,498
Additions	-	-	13,386	3,326	200	624	17,536
Reallocation	2,904	6,667	(66)	(9,505)	-	-	-
Surplus on Revaluation	(986)	118	-	-	-	-	(868)
Disposals	-	-	-	(1,429)	-	(3)	(1,432)
At 31 May 2019	43,500	6,785	21,701	11,400	212	4,136	87,734
Accumulated depreciation							
At 1 June 2018	3,371	-	291	7,317	4	2,033	13,016
Charge for the year	843	-	30	1,981	39	602	3,495
Reallocation	1,119	2,643	(16)	(3,746)	-	-	-
Revaluation	(5,333)	(2,643)	-	-	-	-	(7,976)
Disposals	-	-	-	(620)	-	-	(620)
At 31 May 2019	-	-	305	4,932	43	2,635	7,915
Net book amount							
At 31 May 2019	43,500	6,785	21,396	6,468	169	1,501	79,819
At 31 May 2018	38,211	-	8,090	11,691	8	1,482	59,482

In accordance with the Clubs accounting policy a property valuation was undertaken on 31 May 2019, by Savills plc, which valued the stadium at £43,500,000 on a market value current use basis as compared to the depreciated carrying value of £39,153,000 at that date. Included within this valuation is freehold land of £11,025,000 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 2019 would be £22,010,000 (2018: £19,106,000), £7,279,000 (2018: £5,778,000) and £14,731,000 (2018: £13,328,000).

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

8 Tangible assets (continued)

The stadium is the subject of a hire purchase contract with K Power Holdings Company Limited, a related company. The repayment terms of the contract are contingent on the turnover associated with the League 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 11.

A valuation of the Clubs existing training ground was also undertaken on 31 May 2019, by Savills plc, valuing the facility at £6,785,000 on a market value current use basis as compared to the depreciated carrying value of £4,024,000 at that date. Included within this valuation is freehold land of £4,500,000 which is not depreciated. This valuation was carried out in accordance with the RICS appraisal and valuation manual.

If the training ground was stated on a historical cost basis, the amounts for cost, aggregate depreciation and net book amount respectively at 31 May 2018 would be £6,667,000 (2018: £6,211,000), £2,643,000 (2018: £2,117,000) and £4,024,000 (2018: (£4,094,000)).

Certain assets included previously within Other Land and Buildings and Fixtures and Fittings have been reallocated to match the asset allocation in the third party valuation above.

Within "Other land and buildings", land at a cost of £3,500,000 (2018: £4,150,000) and assets under construction of £16,096,000 (2018: £2,516,000) are not depreciated.

9 Investments

	2019 £	2018 £
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:

	2019 £'000	2018 £'000
Trade debtors	9,380	2,739
Amounts owed by group undertakings	5,187	4,773
Corporation Tax	812	105
Transfer fees receivable	53,357	24,277
Other debtors	6,183	5,761
Prepayments and accrued income	25,990	15,065
	100,909	52,720

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

10 Debtors (continued):

Trade Debtors are stated after provisions for impairment of £19,000 (2018: £21,000).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Transfer fees receivable includes £25,970,000 (2018: £305,000) falling due after more than one year.

Gross transfer fees receivable before discounting are £54,909,000 (2018: £24,448,000).

11 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Bank loans and overdrafts	38,165	32
Trade creditors	4,020	4,051
Transfer fees payable	60,627	46,536
Amounts owed to group undertakings:		
- subordinated loans and other amounts payable	19,498	9,820
- obligations under finance lease and hire purchase contracts	16,013	14,827
Taxation and social security	10,381	9,645
Other creditors	18,043	21,741
Accruals and deferred income	13,745	5,179
	180,492	111,831

Gross transfer fees payable before discounting are £62,047,000 (2018: £47,817,000).

The Subordinated loans and other amounts owed by group undertakings are unsecured, interest free and repayable on demand whilst the obligations under hire purchase agreements are unsecured, repayable on demand and carry interest at 8%.

Other creditors include £10,806,000 payable to employees (2018: £13,996,000).

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

12 Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Bank loans and overdrafts	17,485	119
Transfer fees payable	35,981	21,303
	53,466	21,422

Gross transfer fees payable before discounting are £36,424,000 (2018: £21,590,000).

Bank loans and overdrafts

	2019 £'000	2018 £'000
Amounts payable:		
Within one year	38,165	32
Between one and two years	17,430	32
Between two to five years	55	87
Greater than five years	-	-
	55,650	151

The bank loans are

- Barclays Bank plc: £118,000 secured on the freehold training ground and a freehold property. Interest is payable at 1.75% above the bank base rate.
- Macquarie Bank Limited: £55,532,000 secured on certain transfer and Premier League Receivables and bearing interest of between 2.8% and 3.75%.

13 Provisions for liabilities

Deferred tax

The deferred tax assets and liabilities provided and those unprovided, calculated at 17% (2018: 17%) are as follows:

	2019		2018	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	(5,201)	-	(5,188)	-
Stadium revaluation	(5,438)	-	(4,230)	-
Short term timing differences	356	-	30	-
Trading losses	3,615	-	1,847	-
	(6,668)	-	(7,541)	-

The net deferred tax asset expected to reverse in 2020 is £356k. This relates to short term pension timing differences and accrued donations

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

14 Called up share capital

	2019 £'000	2018 £'000
Allotted, and fully paid		
Ordinary shares of £1 each		
2019 and 2018: 112,564,441 ordinary shares of £1 each	112,564	112,564
Redeemable shares of £1 each		
2019 and 2018: 1 redeemable share of £1	-	-
'A' shares of 1p each		
2019 and 2018: 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 2019 (continued)

15 Financial Instruments

The company has the following financial instruments

	Note	2019 £'000	2018 £'000
Financial assets that are debt instruments measured at amortised cost			
- Trade debtors	10	9,380	2,739
- Transfer fees receivable	10	53,357	24,277
- Amounts owed by group undertakings	10	5,187	4,773
- Other debtors	10	6,183	5,761
- Prepayments & accrued income	10	25,990	15,065
		100,097	52,615
Financial liabilities measured at amortised cost			
- Bank loans and overdrafts	11	38,165	32
- Trade creditors	11	4,020	4,051
- Transfer fees payable	11	60,627	46,536
- Amounts owed to group undertakings: subordinated loans and other amounts payable	11	19,498	9,820
obligations under finance lease and hire purchase contracts	11	16,013	14,827
- Other creditors	11	18,043	21,741
- Bank loans and overdrafts	12	17,485	119
- Transfer fees payable	12	35,981	21,303
		209,832	118,429

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

16 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 £432,827 (2018: £358,238).

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 2017 and allocated £265,449 as the Club's share of the deficit as at 1 September 2017. The increase in the deficit arising from this revaluation of £156,814 was recognised in the profit and loss account for the year ended 31 May 2019. 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 £46,944 in the year (2018: £45,252). The assets of the scheme are held separately from those of the Company.

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

17 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 £30,316,000 (2018: £19,580,000) and £8,864,000 (2018: £6,713,000) respectively. £20,833,000 of the total potential fees and the associated Levy were provided for as at 31 May 2019 (2018: £12,528,000).

b) Capital commitments

At 31 May 2019, the Company had committed capital expenditure of £90,055,000 (2018: £835,000) including £88,734,000 relating to new training ground at Seagrave.

18 Related party transactions

The Company owed as at 31 May 2019 £10,336,018 (2018: £5,282,447) to King Power International Limited, the Company's immediate parent undertaking. The movement in the year relates to a subordinated loan of £5,000,000 plus £53,571 interest with the remaining opening balance relating to outstanding interest on a now fully repaid subordinated loan previously made to the Company. At the same date the Company was owed £2,751,784 (2018: £2,344,714) by King Power International Limited for costs incurred in the running of the international education project and retail products supplied by the Company.

At the same date the Company owed £38,023 (2018: £9,575) to King Power International Limited for retail purchases made during the year.

The freehold interest in the Stadium is owned by K Power Holdings Company Limited, a company also controlled by King Power International Limited. The outstanding deferred purchase consideration payable under the hire purchase agreement stands at £16,012,910 as at 31 May 2019 (2018: £14,826,990). This obligation increases at 8% per annum and £1,185,920 (2018: £1,164,962) has accrued on the amount during the year. The Company also incurred costs on behalf of K Power Holdings Company Limited and the balance of £61,866 (2018: 61,866) remained unpaid at the year-end pending further agreement on the adjacent site.

The Company is party to a management agreement with K Power Sports Investments Limited where the Club is charged a management fee based on turnover for management services provided. The balance outstanding at 31 May 2019 under this contract was £7,000,000 (2018: £3,500,000).

Leicester City Football Club Limited

Notes to the financial statements for the year ended 31 May 2019 (continued)

18 Related party transactions (continued)

The Company also incurred costs on behalf of K Power Sports Investments Limited and the balance of £2,324,276 (2018: £1,904,206) remained outstanding at the year-end.

The Company also incurred costs on behalf of King Power Racing Co Limited and the balance of £25,590 (2018: £28,105) remained outstanding at the year-end.

Following the June 2017 acquisition by King Power International Limited of OH Leuven CVBA, a Belgian football club competing in the Belgian First Division B, the Company has made sales of equipment to, and incurred costs on behalf of, OH Leuven CVBA. The balance of £2,420 (2018: £402,815) remained outstanding at the year-end.

During the year the Company made a donation of £1,000,000 to the Vichai Srivaddhanaprabha Foundation (formerly the LCFC Foxes Foundation). The company also provided free administration, management and accounting support as well as collecting revenue and incurring costs on its behalf. A balance payable to the Foundation of £2,123,702 (2018: £1,028,071) remained outstanding at the year-end.

During the year the Company also supported Leicester City Football Club Trust, donating £28,250 (2018: £38,250) as well as significant in kind contributions during the year. The Company collected revenue and incurred costs on its behalf and a balance payable to the Company of £21,462 (2018: £31,779) remained outstanding at the year-end.

Member companies of the King Power Group have entered into sponsorship agreements with the Club in relation to the acquisition of sponsorship and marketing inventory including the front of shirt sponsorship and the stadium naming rights for £16m. This amount all related to the financial year and £5m was outstanding at the 31st May 2019 (2018 £nil).

19 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.

20 Subsequent events

Since the year end the Club has invested £47.2m in its facilities including £41.7m on the new training ground at Seagrave, £2.6m on the proposed stadium expansion and £1.2m on stadium floodlights.

Since 31 May 2019 the Club has contracted for the purchase, sale and loan of various players. The net cost of these transactions, taking into account the applicable levies and contingent fees but excluding value added tax, is £28.9m (2018: £43.3m). These transfers and costs will be accounted for in the year ending 31 May 2020.