

Leicester City Football Club Limited  
Annual report and financial statements  
for the year ended 31 May 2020  
Registered number: 04593477

# Leicester City Football Club Limited

## Annual report and financial statements for the year ended 31 May 2020

	Page
Directors and advisors	1
Strategic report for the year ended 31 May 2020	2
Directors' report for the year ended 31 May 2020	11
Independent auditors' report to the members of Leicester City Football Club Limited	16
Profit and loss account for the year ended 31 May 2020	20
Statement of comprehensive income for the year ended 31 May 2020	19
Balance sheet as at 31 May 2020	21
Statement of changes in equity for the year ended 31 May 2020	22
Cash flow statement for the year ended 31 May 2020	22
Notes to the cash flow statement for the year ended 31 May 2020	23
Notes to the financial statements for the year ended 31 May 2020	25

# **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 2020

The directors present their strategic report and the audited financial statements for the year ended 31 May 2020.

### Principal activities

The principal activity of Leicester City Football Club Limited ("the Company", "the Club") is the operation of a professional football club.

### Results

The global COVID 19 pandemic has impacted the Club's financial results during the year with the lockdown of UK business in general and the Premier League specifically having both short term timing and longer term revenue reduction impacts. The Club has responded by careful cost and cash flow management but at all times has stood by its principles of being fair to its fans whilst protecting all its stakeholders including its staff and fans. Despite the challenges arising from this uniquely challenging environment the long term investment into the sustainable development of the Club has continued. The industry leading new Seagrave training Ground has continued on site during the period and although its opening has been delayed the Club is now confident that it will be completed late 2020. Further investment continues both into the football squad and management team and into the possible expansion of the stadium and neighbouring site.

The Club made a Loss before taxation of £67.3m (2019: £20.2m loss). This loss has arisen principally due to the following reasons:

- The extension of the conclusion of the 19/20 football season extended beyond the current financial year has led to income and costs for the 19/20 season being recognised in the 20/21 financial year. These include Central Premier League revenues and prize money and sponsorship revenue;
- The Lockdown related to COVID 19 has led to matches being postponed and then subsequently being played behind closed doors after the year end. The Premier League has also negotiated rebates with many of its broadcasters relating to the 19/20 season. Of the final rebate incurred by the Premier League the Club has been allocated £11.5m and of that allocation 80% has been recognised in the 19/20 financial year in line with the Clubs policy for recognising the revenue over the months of the season where games are played.
- Continued investment in the Clubs 1<sup>st</sup> team squad has contributed to an element of the loss.
- The Loss after tax for the financial year was £60.1m (2019: £17.4m loss).

Overall on the pitch the Club had an excellent season finishing 5<sup>th</sup> in the Premier League an improvement from 9<sup>th</sup> in the previous season and qualifying for the Group stages of the Europa League for the 20/21 season.

The turnover of the Club has decreased to £150.0m from £178.4m in 2019. The majority of this decrease is a result of the timing differences and other financial impacts arising from COVID 19 as noted above which included the deferral of 9 out of 38 matches until the following financial year, including 4 home match days to June and July 20, as well as the recognition of the Club's allocation of the rebate due to broadcasters.

# Leicester City Football Club Limited

## Strategic report for the year ended 31 May 2020 (continued)

### Results (continued)

Cost of sales increased by £13.4m to £248.5m (2019: £235.1m). This includes a £16.3m increase in the amortisation costs of player's registrations and a decrease in player and management bonuses relating to the extension of the season beyond the year end.

Administrative expenses increased by £5.7m to £23.9m (2019: £18.2m) arising mainly from a settlement of a legal dispute. Other costs reduced overall during the year.

Net interest payable for the year increased to £8.0m (2019: £4.3m) as a result of the Club entering into additional 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.

In the year to 31 May 2020, player trading realised net profits of £63.1m (2019: £58.4m), arising principally from the disposal of the registration of Harry Maguire.

King Power International (KPI) and the Srivaddhanapraba family continue to provide the vision and support which has enabled to 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") requirements and has had its UEFA licence confirmed for the 2020/21 season.

The Company had a net cash inflow for the year of £29.7m (2019: outflow of £15.9m) comprising a £3.7m cash flow from operating activities (2019: outflow of £13.7m) and a net investment in tangible and intangible assets of £91.5m (2019: net investment of £61.5m). In the current year there was £117.4m net cash inflow from financing activities including a £44m increase in the KPI working capital loan, a £67m increase in the KPI training ground facility along with £24.4m increase in 3<sup>rd</sup> party loans and an £18m repayment of 3<sup>rd</sup> party loans (2019: inflow of £59.3m). No dividend has been paid in the year (2019: £nil).

Investment in tangible assets included £70.5m (2019: £13.4m) relating to the new training ground at Seagrave.

### Key performance indicators

	2020	2019
Average league attendance	32,061	31,851
Cash and equivalents at year end (£'000)	41,163	11,468
Staff costs (per note 5)/turnover expressed as a percentage	105.0%	83.8%
Operating loss excluding player amortisation, impairments, and player trading (£'000)	(42,606)	(10,844)

Operating loss (2020: £59,323,000, 2019: £15,957,000) excluding player amortisation (2020: £77,787,000, 2019: £63,509,000), impairments (2020: £2,018,000, 2019: £nil), and player trading (2020: £63,088,000, 2019: £58,396,000) is used to measure the Clubs underlying profitability before player trading.

# Leicester City Football Club Limited

## Strategic report for the year ended 31 May 2020 (continued)

### Results (continued)

#### Effects of COVID 19

COVID 19 has had some significant effects on the Club. Losses incurred in the financial year 19/20 arising from COVID 19 include:

	Total £'000	Recognised in 2020 £'000
Share of Premier League Broadcasting rebate 19/20 season	11,530	9,224
Refunds of and reductions in expected ticketing, hospitality and other revenue for 19/20 season	4,104	4,104
Specific additional costs arising from COVID 19 to May 20	48	48
Total	15,682	13,376

Reductions in expected ticketing, hospitality and other revenue for 19/20 season are based on detailed predictions of earnings that would've been generated had the COVID 19 pandemic not occurred.

#### Asset values

At the year end there were 58 (2019: 56) 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 £192.1m as at 31 May 2020 (2019: £178.7m). An impairment provision of £2,018,000 has been recognised in 2020 against two specific player registrations (2019: £nil) where the player registration has been disposed of after the year end. The directors' assessment of the market value of the playing squad at 31 May 2020, which includes those players where the market value exceeds their carrying values, is £454.0m (2019: £481.6m). The change in market value reflects the Club's investment in player's registrations of £105.1m, uplifts in players value based on performance offset by downward pressures on player valuations after the COVID 19 lockdown.

The King Power Stadium is currently carried at £42.5m (2019: £43.5m), which reflects the current market value of the stadium based on an external valuation by Savills plc on 31 May 2019 and assessed by the Company's directors at 31 May 2020.

#### Future outlook

The Club had planned to complete construction on its new state of the art training ground in July 20 however the Club has revised its construction schedule and the project is now expected to open late 2020. Detailed design and feasibility work continues in relation to the possible extension of the King Power Stadium and the development of the extended site.

# Leicester City Football Club Limited

## Strategic report for the year ended 31 May 2020 (continued)

### Future outlook (continued)

The Premier League concluded deals for TV and sponsorship relating to the 3 years from 2019-2022 and these came into effect for the 2020/21 season. The Premier League Clubs have agreed to change the distribution of these revenues between the member Clubs which lead to an increase in the income of the Club based on its 5<sup>th</sup> place finish. The level of expected income from these deals is projected to remain at similar levels over the next two seasons. The rebate payable to the Premier League Broadcasters will lead to a reduced cash inflow from the Premier League in season 21/22 and 22/23 of around £10.1m from that originally forecast.

### Environmental

The Club has adopted a medium term plan to address the environmental impact it has: This plan includes the following aspects of the Clubs operations and does not focus on a single basic measure of environmental impact as overly simplistic and flawed. The plan includes:

- 1) Appropriate management of CO<sub>2</sub> consumption by the Club;
- 2) Reduction in plastic usage and elimination of single use plastic from Club match day operations; successes here include replacement of single use plastic glasses with reusable glasses and the elimination of plastic sauce sachets, straws and other types of single use plastic;
- 3) Replacement of the King Power Stadium Flood lighting system and almost all internal lighting systems with LED based systems;
- 4) Incorporation of new waste management protocols in the Club operations.

	2020
UK energy use in kWh	12,215,030
GHG emissions associated with energy use (tCO <sub>2</sub> e)	55,192
Emissions intensity ratio - tCO <sub>2</sub> /m <sup>2</sup> building area	1.38

At Leicester City Football Club Ltd, we have continued to monitor and review our energy usage and associated carbon dioxide emissions. We have undertaken mandatory assessments of our energy use in accordance with the ESOS regulations 2018. From this, we have replaced the majority of light fittings over to LED and the remaining light fittings will be changed over accordingly. Currently looking at replacing the heating system with a heat plate exchange although this is yet to be completed. As part of our new Electricity contracts, we are monitoring our usage (100% renewable energy) and targeting any areas of high usage. The payback for solar is too long so we have not opted to go for this option.

Leicester City Football Club Limited have followed the 2019 HM Government Environmental Reporting Guidelines and have used the 2020 UK Government's Conversion Factors for Company Reporting. We have used an operational approach to define our boundary.

The electricity and gas data has been recorded over a 12-month period from May 2019 to April 2020. The data was collated directly from monthly invoices and a consumption report.

# **Leicester City Football Club Limited**

## **Strategic report for the year ended 31 May 2020 (continued)**

### **Environmental (continued)**

The reporting spreadsheet provides a breakdown of monthly and annual consumption for each meter in KWh.

Company transport data was generated from company fuel cards, breakdown can be found in reporting spreadsheet. Due to the mileage not been included on this, we had to calculate an approximate number of miles travelled based on the vehicle type's average MPG and the amount of petrol / diesel consumed.

### **Employees**

The Owners and Directors of the Club are committed to providing an excellent working environment for all staff. The Club has focused on achieving the highest level of the Premier League Equality Standard having met the requirements of the intermediate standard during the year. The Equality Standard encompasses two broad areas:

The Club's culture, policies, leadership and people.

Developing Club services – the work the Club does to encourage people from all communities to participate in its activities.

This encompasses all areas of inequality and discrimination which are linked to the nine protected characteristics set out in the Equality Act 2010.

The Club has various meetings and workshops throughout the year where staff are encouraged to share their views and the Club also undertakes regular surveys to ensure good communication with the employees.

Details of the numbers of employees and related costs are given in note 5 to the financial statements.

# **Leicester City Football Club Limited**

## **Strategic report for the year ended 31 May 2020 (continued)**

### **Statement by the directors in performance of their statutory duties as per s172(1) Companies Act 2006**

The Board of Directors of Leicester City believe that they have acted, both individually and as a group, in a way they consider would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 May 2020.

As a privately owned Company which is part of a much larger Group the Board of directors meet on a regular basis on both a formal and informal basis to review progress and decisions. Ad-hoc informal meetings involving (some or all of the) directors also do take place. The Executive Management Team of the Club meets at least once a month either physically or via teleconference and during times of greater required input such as the start of the COVID 19 lockdown on a daily basis. In addition to the approval of the Annual Report as well as the Budget for the following year, material decisions having a potential impact on the long term strategy of the Club are discussed at Board meeting where these are approved.

The Club continues to be a responsible employer in our approach to our employees remuneration and benefits paying the living wage as a minimum to all staff and with regard to the health, safety and well-being of our employees. This continues to be of primary importance during 2020 with the COVID 19 pandemic and its effects on workplace.

The Club has also focused on being an ethical organization: over the last few years the Club has worked to become on being a defining partner in the local community alongside its two associated charities, the VS Foundation and Leicester City In the Community. With the Clubs direct financial and indirect logistical support working with associated funders this Charities have provided millions of pounds of donations and project delivery to the local community over the last few years. The Club has adopted procurement policies to assist it in buying from companies that comply with the tax, modern slavery and other criminal conduct laws.

The Club has also treated its fans in an ethical way. Despite having a full stadium and inflationary cost increases over the recent years the Club has sought to increase its income in other ways and has not introduced price rises on its ticket holders for several seasons.

The Board of Directors intention is for the Club to behave responsibly towards all stakeholders and ensure that management operate the business with the standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of the long term strategic vision of the Club and its stakeholders.

# **Leicester City Football Club Limited**

## **Strategic report for the year ended 31 May 2020 (continued)**

### **Future outlook**

The Club finished the 19/20 in 5<sup>th</sup> position and qualified for the UEFA Europa League. This is expected to generate significant extra revenue for the Club in the 20/21 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. The Club aspires to continue to participate in European Football next season which will drive a further increase in turnover across the business. The Club continues to aspire to challenge the big 6 Clubs both on and off the pitch. COVID 19 has however led to all matches so far in the 20/21 season to be played behind closed doors and it appears likely this will continue for several more months. This means the Club's match day ticketing, hospitality and catering revenue is and continues to be seriously affected by this situation.

In August 2020 the club acquired 100% of the share capital of Leicester City Women Football Club Limited (LCWFC).

### **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 COVID 19, football on pitch performance, possible changes in the Premier League Governance and revenue distribution rules, Financial Fair Play ("FFP"), employees, business environment and Brexit risks:

#### **COVID 19**

COVID 19 is and continues to be the single largest risk to the Club. The Club is currently along with all other businesses in the world impacted by the general economic impact of COVID 19 as well as the specific challenges currently raised by having to play games behind closed doors. A further closedown of professional sport could lead to further rebates being paid to broadcasters and prolonged playing of games behind closed doors continues to reduce match day revenues. The club has produced budgets which have taken a prudent view of these income streams and continues to monitor developments and plan accordingly.

#### **Football**

Membership of, and finishing position in, the Premier League has 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.

# **Leicester City Football Club Limited**

## **Strategic report for the year ended 31 May 2020 (continued)**

### **Football Governance**

A strategic review is being held in relation to the future of English Football including a possible restructuring of the Premier League and its Governance and revenue distribution structures.

### **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.

### **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 which have both been amended to take into account COVID. The 2019/20 season was the last season the Club was 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 2019/20 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 marketplace 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.

# Leicester City Football Club Limited

## Strategic report for the year ended 31 May 2020 (continued)

### 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  
24 December 2020

# **Leicester City Football Club Limited**

## **Directors' report for the year ended 31 May 2020**

The directors present their report and the audited financial statements for the year ended 31 May 2020.

### **Future developments**

The future developments of the Club are detailed within the strategic report on page 4.

### **Engagement with employees, suppliers, customers and other stakeholders**

Engagement with employees, suppliers, customers and other stakeholders are detailed within the strategic report on page 6 and 7.

### **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; and
- Personal credit is only given in controlled circumstances with direct debit systems, and compliance with agreed payments rigorously monitored.

# **Leicester City Football Club Limited**

## **Directors' report for the year ended 31 May 2020 (continued)**

### **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.

### **Going concern**

The Company was loss making at an operating level in the 2019/20 financial year and has a net current liabilities position at the year end. The net current liability position has arisen mostly due capital expenditure increasing short term creditors 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. The Training Ground development is nearing completion.

The circumstances impacting on the football industry arising from the outbreak of COVID 19 are now reasonably well understood and the Club has undertaken its cash flow forecasts taking into account the possible downside risks over the next 12 months. These include the continued playing of all home games behind closed doors. The Premier League has demonstrated that professional football can continue to be played with the appropriate safeguards in place during this period.

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 and or its ultimate shareholders. Since the year end the Company has entered into two 5 year loan facilities for a total of £30m with its Chairman Aiyawatt Srivaddhanapraba to finance the working capital requirements of the Club, has increased and extended its £45m facility with Macquarie Bank to January 2022 and has entered into a further £16.4m facility with the same bank. The Directors have also considered the Club's cashflow requirements in a severe but plausible scenario and to cover the working capital needs of the Club in that scenario has entered into a £35m standby facility with its holding company, King Power International which can be called on if necessary to support the Club's cash flow in the unlikely event that all these negative events come to pass. The club has also now received all the broadcast distributions from the Premier League in respect of the 19/20 season.

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 further 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.

# **Leicester City Football Club Limited**

## **Directors' report for the year ended 31 May 2020 (continued)**

Based on the above 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 2020 (2019: Nil).

### **Directors**

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

Aiyawatt Srivaddhanaprabha (Chairman) (Appointed Chairman 8 August 2019)  
Apichet Srivaddhanaprabha (Vice Chairman)  
Shilai Liu (Vice Chairman)  
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 6.

### **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 number 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 2019/20 season or will be undertaken in the 2020/21 season.

# Leicester City Football Club Limited

## Directors' report for the year ended 31 May 2020 (continued)

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 £42,500 as well as significant in kind contributions during the year.

### Charitable donations (continued)

The Company has made charitable donations in the year of £252,000 (2019: £1,263,000) which includes a £nil (2019: £1,000,000) donation to the Vichai Srivaddhanaprabha Foundation.

### Subsequent events

Since the year end the Club has invested £21.2m in its facilities including £19.4m on the new training ground at Seagrave and £1.8m on the proposed stadium.

As noted in the going concern section of the Strategic report above, the going concern accounting policy and in the subsequent events note below since the year end the Company has entered into two 5 year loan facilities for a total of £30m from its Chairman Aiyawatt Srivaddhanaprabha to finance the working capital requirements of the Club, has increased and extended its £45m facility with Macquarie Bank and has entered into a further £16.4m facility with the same bank. The club has also entered into a £35m stand by facility with its holding company King Power International. The club has also now received all the broadcast distributions from the Premier League in respect of the 19/20 season.

Since 31 May 2020 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 £17.9m (2019: £28.9m). These transfers and costs will be accounted for in the year ending 31 May 2021.

In August 2020 the club acquired 100% of the share capital of Leicester City Women Football Club Limited (LCWFC). This acquisition has allowed the Club to commit a significant investment into developing LCWFC into a successful FA Women's Super League team.

### 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:

# Leicester City Football Club Limited

## Directors' report for the year ended 31 May 2020 (continued)

### Statement of directors' responsibilities (continued)

- 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.

### 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  
24 December 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 2020 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 as at 31 May 2020; the Profit and loss account, the Statement of comprehensive income, the Cash flow statement and the notes to the cash flow statement, and the Statement of changes in equity for the year then ended; 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

# 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.

### 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 2020 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, 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](http://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  
24 December 2020

# Leicester City Football Club Limited

## Profit and loss account for the year ended 31 May 2020

	Note	2020 £'000	2019 £'000
Turnover	2	149,950	178,429
Cost of sales		(248,494)	(235,123)
Gross loss		(98,544)	(56,694)
Administrative expenses		(23,868)	(18,189)
Other operating income		-	942
Profit / (loss) on disposal of fixed assets	3	1	(412)
Profit on disposal of player registrations	3	63,088	58,396
Operating loss	3	(59,323)	(15,957)
Interest receivable and similar income	4	1,201	1,742
Interest payable and similar expenses	4	(9,162)	(6,031)
Net interest payable	4	(7,961)	(4,289)
Loss before taxation		(67,284)	(20,246)
Tax on loss	6	7,220	2,893
Loss for the financial year		(60,064)	(17,353)

The above is in relation to continuing activities. Administrative expenses includes stadium expenses of £6,105,000 (2019: £5,318,000).

## Statement of comprehensive income for the year ended 31 May 2020

	Note	2020 £'000	2019 £'000
Loss for the financial year		(60,064)	(17,353)
Other comprehensive (expense)/income			
Deferred tax current year (charge)		(552)	(1,208)
Revaluation surplus		-	7,108
Total comprehensive expense for the year		(60,616)	(11,453)

# Leicester City Football Club Limited

## Balance sheet as at 31 May 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	7	192,349	179,287
Tangible assets	8	153,375	79,819
Investments	9	-	-
		<b>345,724</b>	259,106
Current assets			
Inventories		512	2,325
Debtors (including amounts due after one year of £1,271,000 (2019: £25,970,000))	10	58,519	100,909
Cash at bank and in hand		41,163	11,468
		<b>100,194</b>	114,702
Creditors: amounts falling due within one year	11	(286,230)	(180,492)
Net current liabilities		<b>(186,036)</b>	(65,790)
Total assets less current liabilities		<b>159,688</b>	193,316
Creditors: amounts falling due after more than one year	12	(87,122)	(53,466)
Provisions for liabilities	13	-	(6,668)
Net assets		<b>72,566</b>	133,182
Capital and reserves			
Called up share capital	14	112,756	112,756
Share premium account		8,475	8,475
Revaluation reserve		31,530	31,530
Profit and loss account		(80,195)	(19,579)
Total shareholders' funds		<b>72,566</b>	133,182

The notes on pages 25 to 45 are an integral part of these financial statements.

The financial statements on pages 20 to 45 were approved by the board of directors on 24 December 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 2020

	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 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
Loss for the financial year	-	-	-	(60,064)	(60,064)
Other comprehensive expense for the year	-	-	-	(552)	(552)
<b>Balance as at 31 May 2020</b>	<b>112,756</b>	<b>8,475</b>	<b>31,530</b>	<b>(80,195)</b>	<b>72,566</b>

The accounting policies and the notes on pages 25 to 45 form part of these financial statements.

# Leicester City Football Club Limited

## Cash flow statement for the year ended 31 May 2020

	2020 £'000	2019 £'000
Cash flow from operating activities (note a)	2,891	(13,830)
Taxation received	812	104
Net cash flow generated from/(used in) operating activities	<b>3,703</b>	<b>(13,726)</b>
Cash flow from investing activities		
Purchase of tangible fixed assets	(74,752)	(22,075)
Purchase of intangible fixed assets	(123,751)	(90,642)
Sale of tangible fixed assets	-	400
Sale of intangible fixed assets	107,038	50,782
Interest received	8	3
Net cash used in investing activities	<b>(91,457)</b>	<b>(61,532)</b>
Cash flow from financing activities		
Loan amounts received	135,450	59,535
Repayment of obligations under finance leases	(18,000)	-
Interest paid	(1)	(193)
Net cash generated from financing activities	<b>117,449</b>	<b>59,342</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>29,695</b>	<b>(15,916)</b>
Cash and cash equivalents at start of year	<b>11,468</b>	<b>27,384</b>
<b>Cash and cash equivalents at end of year</b>	<b>41,163</b>	<b>11,468</b>
Cash and cash equivalents consists of:		
Cash at bank and in hand	<b>41,163</b>	<b>11,468</b>
Cash and cash equivalents	<b>41,163</b>	<b>11,468</b>

# Leicester City Football Club Limited

## Notes to the cash flow statement for the year ended 31 May 2020

### a) Reconciliation of loss for the financial year to cash flow from operating activities

	2020 £'000	2019 £'000
Loss for the financial year	<b>(60,064)</b>	(17,353)
Tax on loss	<b>(7,220)</b>	(2,893)
Net interest payable	<b>7,961</b>	4,289
Operating loss before interest and taxation	<b>(59,323)</b>	(15,957)
Amortisation and impairment charge	<b>80,291</b>	63,979
Depreciation charge	<b>3,041</b>	3,495
Profit on disposal of tangible and intangible fixed assets	<b>(63,088)</b>	(57,984)
Decrease / (Increase) in inventories	<b>1,813</b>	(1,803)
Decrease / (Increase) in debtors	<b>10,554</b>	(12,123)
Increase in creditors	<b>29,603</b>	6,563
Cash flow from operating activities	<b>2,891</b>	(13,830)

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

	2020 £'000	2019 £'000
Increase / (decrease) in cash in the year	<b>29,695</b>	(15,916)
Cash inflow from changes in debt	<b>(117,450)</b>	(59,535)
Change in net debt from cash flows	<b>(87,755)</b>	(75,451)
Other non-cash changes	<b>(8,558)</b>	(2,204)
Movement in net debt in the year	<b>(96,313)</b>	(77,655)
Opening net debt	<b>(65,249)</b>	12,406
<b>Closing net debt</b>	<b>(161,562)</b>	(65,249)

### c) Analysis of net debt

	2019 £'000	Cash flow £'000	Other non- cash movements £'000	2020 £'000
Cash at bank and in hand	11,468	29,695	-	<b>41,163</b>
	11,468	29,695	-	<b>41,163</b>
Debt due within one year	(43,219)	(50,450)	(22,861)	<b>(116,530)</b>
Debt due after one year	(17,485)	(67,000)	15,584	<b>(68,901)</b>
Hire purchase liabilities	(16,013)	-	(1,281)	<b>(17,294)</b>
Total debt	<b>(76,717)</b>	<b>(117,450)</b>	<b>(8,558)</b>	<b>(202,725)</b>
Net debt	<b>(65,249)</b>	<b>(87,755)</b>	<b>(8,558)</b>	<b>(161,562)</b>

Non cash movements relate to £1,281,000 accrued interest on the stadium loan, £4,649,000 on shareholder loans and £2,628,000 on other loans.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020

### 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.

#### 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 preparation

The financial statements have been prepared on the going concern basis, under the modified historical cost convention as modified by the revaluation of certain assets, 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.

#### 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 (2019:2).

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 1 Accounting policies (continued)

#### 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 2019/20 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. The Training Ground development is nearing completion. .

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 and or its ultimate shareholders. Since the year end the Company has entered into two 5 year loan facilities for a total of £30m from its Chairman Aiyawatt Srivaddhanapraba to finance the working capital requirements of the Club, has increased and extended its £45m facility with Macquarie Bank and has entered into a further £16.4m facility with the same bank. The Directors have also considered the Club's cashflow requirements an negative and unlikely but plausible scenario and to cover the working capital needs of the Club in that scenario has entered into a £35m standby facility with its holding company, King Power International which can be called on if necessary to support the Club's cash flow should all these negative events come to pass. The club has also now received all the broadcast distributions from the Premier League in respect of the 19/20 season.

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.

## **Leicester City Football Club Limited**

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.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 1 Accounting policies (continued)

#### Going concern (continued)

Based on the above the Directors consider it appropriate to prepare the financial statements on a going concern basis. The circumstances impacting on the football industry arising from the outbreak of COVID 19 are now reasonably well understood and the Club has undertaken its cash flow forecasts taking into account many of the possible downside risks over the next 12 months. These include the continued playing of all home games behind closed doors. The Premier League has demonstrated that professional football can continue to be played with the appropriate safeguards in place during this period.

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 period (stated net of value added tax). Season tickets (recognised within Gate receipts) and Sponsorship and advertising income received prior to the period 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 including any rebate relating to that income. Turnover relating to the Clubs finishing league position is recognised in line with expectations at the reporting date. Turnover relating to televised matches is recognised by the total number of televised matches confirmed for the season, spread evenly across the ten months of the season. Remaining central distributions from the Premier League are also recognised evenly across the ten months of the season.

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.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 1 Accounting policies (continued)

#### 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.

##### 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.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 1 Accounting policies (continued)

#### 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.

#### 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.

The Company adopts a revaluation policy for its stadium and training ground, and an assessment is made at each period end to ensure that the carrying amount does not differ materially from that which would be determined using fair value. With effect from 31 May 2009, the stadium is revalued by professional qualified valuers 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.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 1 Accounting policies (continued)

#### 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.

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.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 1 Accounting policies (continued)

#### 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.

#### 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 debtors, amounts owed by group undertakings 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.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 1 Accounting policies (continued)

#### Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts due to fellow group undertakings 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 creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors 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.

#### 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.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 1 Accounting policies (continued)

#### Taxation (continued)

##### ii. Deferred tax (continued)

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.

#### 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.

#### Valuation of tangible assets

The Company adopts a revaluation policy for its stadium and training ground, and an assessment is made at each period end to ensure that the carrying amount does not differ materially from that which would be determined using fair value. Where an indication that the fair value may have changed materially is identified the estimation of recoverable value requires estimation of the existing use value of the assets.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 2 Turnover

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

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Broadcasting rights	<b>107,600</b>	127,865
Sponsorship and advertising	<b>21,413</b>	26,146
Gate receipts	<b>13,081</b>	14,686
Commercial turnover	<b>6,327</b>	6,802
Other income	<b>1,529</b>	2,930
	<b>149,950</b>	178,429

£27.6m of Broadcasting rights and £5.3m of Sponsorship and advertising relating to the 2019/20 season have been deferred into the 2020/21 financial year due to the delay in the conclusion of the 2019/20 football season arising from COVID 19.

### 3 Operating loss before interest and taxation

Operating loss is stated after charging:

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Operating leases		
- plant and machinery	<b>103</b>	63
Depreciation:		
- owned tangible fixed assets	<b>2,057</b>	2,651
- assets held under finance leases and hire purchase contracts	<b>984</b>	843
Foreign exchange (gains)/losses	<b>517</b>	479
Amortisation of intangible assets	<b>78,273</b>	63,979
Impairment of intangible assets	<b>2,018</b>	-
Impairment of trade receivables	-	2
Impairment of inventory	<b>98</b>	55
Profit / (Loss) on disposal on tangible fixed assets	<b>1</b>	(412)
Profit on disposal on intangible fixed assets	<b>63,088</b>	58,396
Auditors' remuneration		
- audit of the Company's annual financial statements	<b>44</b>	49
- non-audit services – interim accounts	<b>18</b>	11
- non-audit services – tax advisory & compliance	<b>71</b>	126

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 4 Net interest payable

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Interest payable and similar expenses:		
Bank loans and overdrafts	<b>2,576</b>	1,103
Hire purchase contracts	<b>1,281</b>	1,186
Interest on transfer fees payable	<b>2,501</b>	3,681
Interest payable to group undertakings	<b>2,803</b>	54
Other interest payable	<b>1</b>	7
	<b>9,162</b>	6,031
Interest receivable and similar income:		
Bank interest receivable	<b>(8)</b>	(3)
Interest on transfer fees receivable	<b>(1,193)</b>	(1,739)
	<b>(1,201)</b>	(1,742)
<b>Net interest payable</b>	<b>7,961</b>	4,289

### 5 Staff costs

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

	<b>2020</b>	2019
	<b>Number</b>	Number
Players	<b>62</b>	60
Administration	<b>301</b>	260
	<b>363</b>	320

In addition, the Company employs on average 577 (2019: 587) casual staff on match days.

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

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Wages and salaries	<b>128,239</b>	122,396
Benefits in kind	<b>9,720</b>	9,809
Social security costs	<b>18,917</b>	16,718
Other pension costs (note 16)	<b>603</b>	589
	<b>157,479</b>	149,512

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

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Aggregate emoluments	<b>333</b>	237
Pension contributions	<b>23</b>	22
	<b>356</b>	259

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 5 Staff costs (continued)

The aggregate emoluments of the highest paid director were £356,000 (2019: £259,000) and one of the directors was accruing benefits under a defined contribution pension scheme (2019: one).

Key management compensation	2020 £'000	2019 £'000
Salaries and other short-term benefits	333	237
Post-employment benefits	23	22
	<b>356</b>	<b>259</b>

### 6 Tax on loss

	2020 £'000	2019 £'000
UK corporation tax		
- adjustments in respect of prior periods	-	(812)
Total current tax	-	(812)
Deferred tax		
- origination and reversal of timing differences	(7,125)	(3,230)
- adjustments in respect of prior periods	(214)	809
- effect of changes in tax rate	119	340
Total deferred tax (note 13)	(7,220)	(2,081)
Tax on loss	(7,220)	(2,893)

The standard rate of tax for the year ended 31 May 2020 is based on the UK standard rate of 19% (2019: 19%). The actual charge for the year is higher (2019: higher) than the standard rate for the reasons set out in the following reconciliation:

	2020 £'000	2019 £'000
Loss before taxation	(67,284)	(20,246)
Loss before taxation at standard UK tax rate of 19% (2019: 19.00%)	(12,784)	(3,847)
Effects of:		
Expenses not deductible	363	617
Adjustment from previous periods	(214)	(3)
Tax rate changes	119	340
Deferred tax not recognised	5,296	-
Total tax credit for the year	(7,220)	(2,893)

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 6 Tax on loss (continued)

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. In the budget 2020 the government announced that the corporation tax rate for the years starting 1 April 2020 and 2021 would remain at 19% and that the 19% rate will continue to apply for the foreseeable future. The law change to keep the main rate at 19% was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using the latest enacted rates.

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.

A deferred tax charge of £552,400 (2019: £1,208,000) on the revaluation of the stadium and training ground has been recognised within Other Comprehensive Income.

### 7 Intangible assets

	Player registrations £'000	Computer Software £'000	Goodwill £'000	Total £'000
Cost				
At 1 June 2019	297,988	1,534	4,266	303,788
Additions	104,968	117	-	105,085
Disposals	(28,704)	-	-	(28,704)
<b>At 31 May 2020</b>	<b>374,252</b>	<b>1,651</b>	<b>4,266</b>	<b>380,169</b>
Accumulated amortisation				
At 1 June 2019	119,331	904	4,266	124,501
Charge for the year	77,787	486	-	78,273
Impairment	2,018	-	-	2,018
Disposals	(16,972)	-	-	(16,972)
<b>At 31 May 2020</b>	<b>182,164</b>	<b>1,390</b>	<b>4,266</b>	<b>187,820</b>
Net book amount				
<b>At 31 May 2020</b>	<b>192,088</b>	<b>261</b>	<b>-</b>	<b>192,349</b>
At 31 May 2019	178,657	630	-	179,287

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 2020 (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 2019	43,500	6,785	21,701	11,400	212	4,136	87,734
Additions	-	-	73,528	2,766	47	256	76,597
Reallocation	-	-	(1,394)	1,395	(1)	-	-
Disposals	-	-	-	-	-	-	-
<b>At 31 May 2020</b>	<b>43,500</b>	<b>6,785</b>	<b>93,835</b>	<b>15,561</b>	<b>258</b>	<b>4,392</b>	<b>164,331</b>
Accumulated depreciation							
At 1 June 2019	-	-	305	4,932	43	2,635	7,915
Charge for the year	984	67	14	1,413	44	519	3,041
Reallocation	-	-	(139)	139	-	-	-
Disposals	-	-	-	-	-	-	-
<b>At 31 May 2020</b>	<b>984</b>	<b>67</b>	<b>180</b>	<b>6,484</b>	<b>87</b>	<b>3,154</b>	<b>10,956</b>
Net book amount							
<b>At 31 May 2020</b>	<b>42,516</b>	<b>6,718</b>	<b>93,655</b>	<b>9,077</b>	<b>171</b>	<b>1,238</b>	<b>153,375</b>
At 31 May 2019	43,500	6,785	21,396	6,468	169	1,501	79,819

Included within Other land and buildings is investment of £70,528,000 in the Clubs new training facility at Seagrave.

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 2020 would be £22,010,000 (2019: £22,010,000), £7,951,000 (2019: £7,279,000) and £14,059,000 (2019: £14,731,000).

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.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 8 Tangible assets (continued)

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 2019 would be £6,667,000 (2019: £6,667,000), £3,180,000 (2019: £2,643,000) and £3,487,000 (2019: £4,024,000).

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 £6,500,000 (2019: £3,500,000) and assets under construction of £86,625,000 (2019: £16,096,000) are not depreciated.

### 9 Investments

	2020	2019
	£	£
Shares in subsidiary	<b>2</b>	<b>2</b>

The investment relates to Leicester City Media Limited, registered address King Power Stadium, Filbert Way, Leicester, Leicestershire, LE2 7FL, 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

	2020	2019
	£'000	£'000
Trade debtors	<b>2,345</b>	9,380
Amounts owed by group undertakings	<b>21,848</b>	5,187
Corporation Tax	-	812
Transfer fees receivable	<b>21,140</b>	53,357
Other debtors	<b>1,014</b>	6,183
Prepayments and accrued income	<b>12,172</b>	25,990
	<b>58,519</b>	100,909

Trade Debtors are stated after provisions for impairment of £Nil (2019: £19,000).

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

Transfer fees receivable includes £1,271,000 (2019: £25,970,000) falling due after more than one year.

Gross transfer fees receivable before discounting are £21,380,000 (2019: £54,909,000).

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 11 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Bank loans	64,674	38,165
Trade creditors	9,441	4,020
Transfer fees payable	59,722	60,627
Amounts owed to group undertakings:		
- subordinated loans and other amounts payable	68,242	19,498
- obligations under finance lease and hire purchase contracts	17,294	16,013
Taxation and social security	20,506	10,381
Other creditors	20,197	18,043
Accruals and deferred income	26,154	13,745
	<b>286,230</b>	<b>180,492</b>

Gross transfer fees payable before discounting are £60,430,000 (2019: £62,047,000).

The Subordinated loans owed by group undertakings are unsecured, repayable on demand and bear interest of 6% whilst the obligations under hire purchase agreements are unsecured, repayable on demand and carry interest at 8%.

Other creditors include £8,534,000 payable to employees (2019: £10,806,000).

### 12 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Bank loans	55	17,485
Amounts owed to group undertakings	68,846	-
Transfer fees payable	18,221	35,981
	<b>87,122</b>	<b>53,466</b>

Gross transfer fees payable before discounting are £18,421,000 (2019: £36,424,000).

Bank loans

	2020 £'000	2019 £'000
Amounts payable:		
Within one year	64,674	38,165
Between one and two years	32	17,430
Between two to five years	23	55
Greater than five years	-	-
	<b>64,729</b>	<b>55,650</b>

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 12 Creditors: amounts falling due after more than one year

The bank loans are

- a) Barclays Bank plc: £87,000 secured on the freehold training ground and a freehold property. Interest is payable at 1.75% above the bank base rate.
- b) Macquarie Bank Limited: £64,642,000 secured on certain transfer and Premier League Receivables and bearing interest of between 2.8% and 3.99%.

### 13 Provisions for liabilities

Deferred tax

The deferred tax assets and liabilities provided and those unprovided, calculated at 19% (2019: 17%) are as follows:

	2020		2019	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	(2,261)	-	(5,201)	-
Stadium revaluation	(5,991)	-	(5,438)	-
Short term timing differences	321	-	356	-
Trading losses	7,931	5,296	3,615	-
	-	5,296	(6,668)	-

The net deferred tax asset expected to reverse in 2021 is £321,000. 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 2020 (continued)

### 14 Called up share capital

	2020 £'000	2019 £'000
Allotted, and fully paid		
Ordinary shares of £1 each		
2020 and 2019: 112,564,441 ordinary shares of £1 each	112,564	112,564
Redeemable shares of £1 each		
2020 and 2019: 1 redeemable share of £1	-	-
'A' shares of 1p each		
2020 and 2019: 19,138,432 'A' shares of 1p each	192	192
	<b>112,756</b>	<b>112,756</b>

The following rights attach to the 'A' shares:

- a) The 'A' shareholder shall have the right to appoint directors of the Company;
- b) 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 2020 (continued)

### 15 Financial Instruments

The company has the following financial instruments

	Note	2020 £'000	2019 £'000
Financial assets that are debt instruments measured at amortised cost			
- Trade debtors	10	2,345	9,380
- Transfer fees receivable	10	21,140	53,357
- Amounts owed by group undertakings	10	21,848	5,187
- Other debtors	10	1,014	6,183
		<b>46,347</b>	<b>74,107</b>
Financial liabilities measured at amortised cost			
- Bank loans	11	64,674	38,165
- Trade creditors	11	9,441	4,020
- Transfer fees payable	11	59,722	60,627
- Amounts owed to group undertakings: subordinated loans and other amounts payable	11	69,242	19,498
obligations under finance lease and hire purchase contracts	11	17,294	16,013
- Other creditors	11	19,197	18,043
- Bank loans	12	55	17,485
- Transfer fees payable	12	18,221	35,981
- Amounts owed to group undertakings: subordinated loans and other amounts payable	12	68,846	-
		<b>326,692</b>	<b>209,832</b>

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (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 £602,773 (2019: £432,827).

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 £49,290 in the year (2019: £46,944). The assets of the scheme are held separately from those of the Company.

### 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 £38,182,000 (2019: £30,316,000) and £9,367,000 (2019: £8,864,000) respectively. £24,459,000 of the total potential fees and the associated Levy were provided for as at 31 May 2020 (2019: £20,833,000).

#### b) Capital commitments

At 31 May 2020, the Company had committed capital expenditure of £22,108,000 (2019: £90,055,000) relating to the new training ground at Seagrave.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 18 Related party transactions

The Company owed as at 31 May 2020 £125,984,598 (2019: £10,374,041) to King Power International Limited, the Company's immediate parent undertaking. The movement in the year includes subordinated loans of £111,000,000 plus £4,648,580 interest with the remaining opening balance relating to a subordinated loan of £5m plus interest as well as outstanding interest on a now fully repaid subordinated loan previously made to the Company. At the same date the Company was owed £3,084,223 (2019: £2,751,784) by King Power International Limited for costs incurred in the running of the international education project and retail products supplied by the Company.

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 £17,293,942 as at 31 May 2020 (2019: £16,012,910). This obligation increases at 8% per annum and £1,281,033 (2019: £1,185,920) 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 (2019: 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 amount charged for the year to 31 May 2020 was £3,500,000 (2019: £3,500,000) and the balance outstanding at 31 May 2020 under this contract was £10,500,000 (2019: £7,000,000). Also at 31 May 2020 an amount of £350,000 (2019: Nil) was owed to K Power Sports Investments Limited in relation to funds collected on their behalf.

The Company also incurred costs on behalf of K Power Sports Investments Limited and the balance of £2,622,906 (2019: £2,324,276) 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 (2019: £25,590) remained outstanding at the year-end.

The Company had sponsorship agreements with King Power Duty Free in relation to the acquisition of sponsorship and marketing inventory including the front of shirt sponsorship, primary training wear sponsorship and the stadium naming rights for £16,000,000. This amount all related to the 2019/20 season with 80% of the revenue recognised within the financial year. £16,000,000 was outstanding at the 31st May 2020 (2019 £5,000,000).

The Company also incurred costs on behalf of Gadbridge Limited a company with a common director and the balance of £4,753 (2019: Nil) remained outstanding at the year-end.

The Company sold retail items to Multiply by Eight Co Ltd, a member of the King Power Group during the year and a balance of £8,100 (2019: Nil) remained outstanding at the year-end.

# Leicester City Football Club Limited

## Notes to the financial statements for the year ended 31 May 2020 (continued)

### 18 Related party transactions (continued)

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 £15,182 (2019: £2,420) remained outstanding at the year-end. During the year the Club completed the transfer of a player from OH Leuven CVBA for €1,000,000 and temporarily transferred the registration of another player to OH Leuven CVBA for £26,000 with all amounts settled at the year-end.

During the year the Company provided free administration, management and accounting support to the Vichai Srivaddhanaprabha Foundation (formerly the LCFC Foxes Foundation) as well as collecting revenue and incurring costs on its behalf. A balance payable to the Foundation of £1,253,042 (2019: £2,123,702) remained outstanding at the year-end.

During the year the Company also supported Leicester City Football Club Trust, donating £42,500 (2019: £28,250) 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 £25,876 (2019: £21,462) remained outstanding at the year-end.

### 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 £21.2m in its facilities including £19.4m on the new training ground at Seagrave and £1.8m on the proposed stadium expansion.

Since the year end the Company has entered into 2 5 year loan facilities for a total of £30m from its holding company to finance working capital requirements of the Club, has increased and extended its £45m facility with Macquarie Bank to January 2022 and has entered into a further £16.4m facility with the same bank. The club has also now received all the broadcast distributions from the Premier League in respect of the 19/20 season. The Club has also entered into a £35m standby facility with its holding company.

Since 31 May 2020 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 £17.9m (2019: £28.9m). These transfers and costs will be accounted for in the year ending 31 May 2021.

In August 2020 the Club completed the acquisition of 100% of the share capital of Leicester City women Football Club Limited.