

Company Registration Number 4044254

**Cardiff City Football Club (Holdings)
Limited**

Annual report

31 May 2015

Cardiff City Football Club (Holdings) Limited

Financial statements

Year ended 31 May 2015

Contents	Pages
Company information	1
Executive Chairman's report	2
Strategic report	3
Directors' report	4-5
Independent auditor's report to the shareholders	6
Consolidated statement of comprehensive income	7
Consolidated statement of financial position	8
Company statement of financial position	9
Consolidated statement of cash flows	10
Company statement of cash flows	11
Statement of changes in equity	12
Notes to the financial statements	13 to 32

Cardiff City Football Club (Holdings) Limited

Company information

The board of directors

Mr S Borley
Mr D C S Chin
Mr M Dalman
Mr M Isaac
Mr M K Lim
Mr D Rals
Mr D E S Lye

Registered office

Cardiff City Stadium
Leckwith Road
Cardiff
South Glamorgan
CF11 8AZ

Auditor

Moore Stephens LLP
Chartered Accountants
Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Bankers

Barclays Bank plc
PO Box 1015
3rd Floor Windsor Court
3 Windsor Place
Cardiff
CF10 3ZL

Cardiff City Football Club (Holdings) Limited

Executive Chairman's Report

Year ended 31 May 2015

Executive Chairman's statement

Following relegation back to the Championship from the Premier League, the 2014/15 season ultimately resulted in one of consolidation into the Championship disappointingly falling short on our pre-season goal of an immediate return to the Premiership. As a club we look forward to the forthcoming 2015-16 season as an opportunity to get those promotion plans back on track.

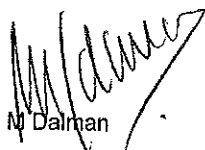
In September 2014, the Board decided to part company with Ole Gunnar Solskjaer and his management team. We are extremely thankful to them for their commitment and effort during their time with the football club and wish them all the very best for the future. We were also very grateful to Scott Young and Danny Gabbidon who stepped into the breach while we completed our search for a new permanent manager.

The Board and Club realised that the remainder of the 2014/15 season would prove difficult. Russell Stade was appointed in October 2014 and together with his management team had to restructure the playing staff, to bring fresh faces into the club and also sought to remove players from the club who were not best suited to a long and arduous campaign in the Championship and were not part of the Club's longer term strategy.

While performances and results were not what fans may have been expecting, especially at home, we finished the season strongly and eventually finished in 11th position.

Conclusion

We look forward to the season ahead with optimism, determination and desire to return the club back to where it belongs, the Premiership. The Board will do all in its power to support Russell, his management team and the players in their desire to achieve our goal. Finally, as a Board we are genuinely thankful and grateful to our fans in the wholehearted support they give to the team and this great Club of ours.



M Dalman

Executive Chairman

30 September 2015

Cardiff City Football Club (Holdings) Limited

Strategic report

Year ended 31 May 2015

Summary of results

	2015	2014
	£'000	£'000
Revenue	40,292	83,138
Operating Costs	(39,670)	(49,839)
Loss before player trading	(5,839)	(6,858)
Player trading	9,699	(5,158)
Loss before interest, tax	<u>(8,223)</u>	<u>(13,664)</u>

The board consider the key performance indicators for the company to be revenue and staff costs.

The results show significantly reduced revenue from that reported in the prior year accounts directly as a result of relegation to the Championship at the end of Season 2013/14.

The group is reporting a reduced gross profit for the year ended 31 May 2015 attributable to increased Premiership player related costs of 2014 not decreasing in line with the fall in revenue of £43m following relegation at the end of 2014.

Average attendances decreased from 27,440 in 2013/14 to 21,147 in 2014/15 season.

Although the group is reporting a profit for the year, it has significant net liabilities. Its principal indebtedness at the year end was to the controlling shareholder who during the year converted £3.0m of the shareholder loan to equity and discharged £13m of the interest bearing loan due by the group.

Principle risks and uncertainties

The principle risks are associated with the performance of the team and the league in which the football club operates, as revenues, particularly those from broadcasting, are substantially lower when the football club is in the lower leagues. The company manages the impact of that risk through close control of its direct costs, relative to its forecast income.

As explained in note 1 to the accounts, the company has the support of its controlling shareholder and consequently, liquidity risk is no longer a significant factor for the company.

Credit risk relates primarily to trade debtors from its commercial activities. The company monitors credit risk closely and its exposure to rate risk is minimal given any borrowings are financed by intercompany loans.

Outlook

Our aim is to get promoted from the Sky Bet Championship in May 2016.

Cardiff City Football Club (Holdings) Limited

Directors' report

Year ended 31 May 2015

The directors have pleasure in presenting their report and the audited financial statements of the group for the year ended 31 May 2015.

Principal activities

The principal activity of the group is that of a professional football league club incorporating the operation of a multi-use sports stadium, whilst the principal activity of the company is that of a holding company.

Players registration

As stated in the accounting policy in note 1, the cost of acquired players is reflected in the accounts in order to comply with IAS 38 Intangible assets.

Policy on payment of creditors

The company values its relationship with its many suppliers. As part of meeting its obligations under each purchase transaction, the group's policy is to pay amounts due for settlement in accordance with the negotiated terms of trade.

Professional indemnity

The group maintains Directors and Officers liability insurance, which gives appropriate cover against any legal action that may be brought against them.

Internal controls and risk management

The directors are responsible for the group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities the directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

The Board, subject to delegated authority, reviews capital investment, player transactions, additional borrowing facilities, guarantees and insurance arrangements.

A review of the business and summary of risks and uncertainties is included in the Strategic Report.

Results and dividends

The profit for the year amounted to £3,860,000 (2014 - £12,016,000 loss). The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

Mr S Borley
Mr D C S Chin
Mr M Dalman
Mr M Isaac
Mr M K Lim
Mr D Rais
Mr D E S Lye

Going concern

During the year and since the year end, the investors have continued to make further funds available in order to provide the group with additional working capital.

In addition, whilst their funding is not guaranteed, the investors have indicated that providing the business develops as planned, they will continue to support the group in the foreseeable future and provide additional finance in order that it can settle its liabilities.

Cardiff City Football Club (Holdings) Limited

Directors' report (continued)

Year ended 31 May 2015

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Insofar as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Chantrey Vellacott DFK LLP merged its practice with Moore Stephens LLP with effect from 1 May 2015 and now practices under the name of Moore Stephens LLP. A resolution to re-appoint Moore Stephens LLP as auditor will be proposed at the forthcoming Annual General Meeting.

The financial statements are available to the public. Please write to the registered office which can be found on page 1.

Signed by order of the directors


S Borley
Director

30 September 2015

Cardiff City Football Club (Holdings) Limited

Independent auditor's report to the members of Cardiff City Football Club (Holdings) Limited

Year ended 31 May 2015

We have audited the group and parent company financial statements ("the financial statements") of Cardiff City Football Club (Holdings) Limited for the year ended 31 May 2015 which are set out on pages 7 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2015 and of the Group's result for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Moore Stephens LLP

Gareth Jones, Senior Statutory Auditor
For and on behalf of MOORE STEPHENS LLP
150 Aldersgate Street
London
EC1A 4AB

2 October 2015

Cardiff City Football Club (Holdings) Limited
Consolidated statement of comprehensive income
Year ended 31 May 2015

	Note	2015 £'000	2014 £'000
Revenue			
Cost of sales	2	40,292 (39,670)	83,138 (49,839)
Gross profit		622	33,299
Administration expenses		(28,362)	(39,755)
Operating loss	3	(27,740)	(6,456)
Exceptional income / (costs)	3	9,818	(2,050)
Operating loss after exceptional items		(17,922)	(8,506)
Profit/(Loss) on disposal of non current assets	6	9,699	(5,158)
Finance income	7	13,432	16
Finance costs	7	(1,349)	1,632
Profit/(Loss) before tax		3,860	(12,016)
Tax	8	-	-
Profit/(Loss) for the year		3,860	(12,016)

There were no other gains or losses in either the current or prior year.

Except for the valuation of the Cardiff City Stadium, there is no difference between the results shown above and their historical cost equivalents.

All of the activities of the group are classed as continuing.

The notes on pages 13 to 32 are an integral part of these consolidated financial statements.

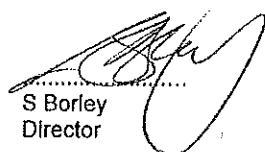
Cardiff City Football Club (Holdings) Limited

Consolidated statement of financial position

As at 31 May 2015

	Note	2015 £'000	2014 £'000
Non current assets			
Intangible assets	10	11,985	25,159
Property plant and equipment	11	56,846	55,283
		<u>68,831</u>	<u>80,442</u>
Current assets			
Inventories	13	45	252
Trade and other receivables	14	11,416	9,519
Cash and cash equivalents		1,226	1,205
		<u>12,687</u>	<u>10,976</u>
Current liabilities	15	<u>(37,626)</u>	<u>(151,021)</u>
Net current liabilities		<u>(24,939)</u>	<u>(140,045)</u>
Total assets less current liabilities		<u>43,892</u>	<u>(59,603)</u>
Non current liabilities	16	<u>(102,805)</u>	<u>(6,170)</u>
Net liabilities		<u>(58,913)</u>	<u>(65,773)</u>
Capital and reserves			
Share capital	21	15,015	13,103
Share premium account		8,212	7,124
Capital redemption reserve		3,600	3,600
Revaluation reserve		23,564	23,564
Accumulated losses		(109,304)	(113,164)
Net deficit		<u>(58,913)</u>	<u>(65,773)</u>

These financial statements were approved by the directors, authorised for issue, and are signed on their behalf by:


S Borley
Director

30 September 2015

The notes on pages 13 to 31 are an integral part of these consolidated financial statements.

Cardiff City Football Club (Holdings) Limited

Company statement of financial position

As at 31 May 2015

	Note	2015 £'000	2014 £'000
Non current assets			
Investments	12	685	685
Current assets			
Trade and other receivables	14	22,491	19,491
Cash and cash equivalents		-	-
Current liabilities	15	22,491	19,491
Net current liabilities		22,491	19,491
Total assets less current liabilities		23,176	20,176
Capital and reserves			
Share capital	21	15,015	13,103
Share premium account		8,212	7,124
Capital redemption reserve		3,600	3,600
Accumulated losses		(3,651)	(3,651)
Net reserves		23,176	20,176

These financial statements were approved by the directors, authorised for issue, and are signed on their behalf by:


S Borley
Director

30 September 2015

Company Registration Number: 4044254

The notes on pages 13 to 31 are an integral part of these consolidated financial statements.

Cardiff City Football Club (Holdings) Limited

Consolidated statement of cash flows

Year ended 31 May 2015

		2015	2014
		£'000	£'000
Net cash (outflow)/inflow from operating activities	Note 22	(21,142)	4,241
Cash flows from investing activities	22	7,941	(55,481)
Cash outflow before financing		(13,201)	(51,240)
Cash flows from financing activities	22	13,222	51,270
Net change in cash and cash equivalents		21	30
Cash and cash equivalents at beginning of period		1,205	1,175
Cash and cash equivalents at end of period		1,226	1,205

The notes on pages 13 to 32 are an integral part of these consolidated financial statements.

Cardiff City Football Club (Holdings) Limited

Company statement of cash flows

Year ended 31 May 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	22	-	(284)
Cash flows from investing activities	22	(3,000)	(2,216)
Cash outflow before financing		(3,000)	(2,500)
Cash flows from financing activities	22	3,000	2,500
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		-	-

The notes on pages 13 to 32 are an integral part of these consolidated financial statements.

Cardiff City Football Club (Holdings) Limited

Statement of changes in equity

Year ended 31 May 2015

Consolidated	Share capital £'000	Share premium £'000	Capital redemption £'000	Revaluation reserve £'000	Accumulated losses £'000	Total £'000
Equity shareholders' funds as at 1 June 2013	11,510	6,217	3,600	23,564	(101,148)	(56,257)
Loss and total comprehensive income for the year	-	-	-	-	(12,016)	(12,016)
Ordinary Share issue	1,593	907	-	-	-	2,500
Equity shareholders' funds as at 1 June 2014	13,103	7,124	3,600	23,564	(113,164)	(65,773)
Profit and total comprehensive income for the year	-	-	-	-	3,860	3,860
Ordinary Share Issue	1,912	1,088	-	-	-	3,000
Equity shareholders' funds as at 31 May 2015	15,015	8,212	3,600	23,564	(109,304)	(58,913)
Company		Share capital £'000	Share premium £'000	Capital redemption £'000	Accumulated losses £'000	Total £'000
Equity shareholders' funds as at 1 June 2013		11,510	6,217	3,600	(3,653)	17,674
Profit and total comprehensive income for the year		-	-	-	2	2
Ordinary Share issue		1,593	907	-	-	2,500
Equity shareholders' funds as at 1 June 2014		13,103	7,124	3,600	(3,651)	20,176
Profit and total comprehensive income for the year		-	-	-	-	-
Ordinary Share Issue		1,912	1,088	-	-	3,000
Equity shareholders' funds as at 31 May 2015		15,015	8,212	3,600	(3,651)	23,176

The notes on pages 13 to 32 are an integral part of these consolidated financial statements.

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The group and company financial statements have been prepared in accordance with those parts of the Companies Act 2006 that are applicable to companies adopting IFRS. The company is registered and incorporated in the United Kingdom. The financial statements have been prepared on a historic cost basis, except for the valuation of The Cardiff City Football Stadium and certain shareholder loans which are recorded at amortised cost. They are presented in Sterling to the nearest thousand (£'000).

Investment from Malaysia has stabilized the group's position, allowing the group to work towards the delivery of a coherent and sustainable business strategy, as formulated by the board and its management team.

The strategy assumes that the group will be able to generate sufficient funds from the controlled realisation of certain assets and the issuance of new debt to support the group's trading activities.

Following relegation from the Barclays Premier League last season, the owners are aware that additional investment will be required to strengthen the playing squad in order to obtain promotion, but that they need to spend judiciously.

The Malaysian investors have made further funds available during the course of the year in order to provide the group with additional working capital requirements. Whilst long term funding is not guaranteed, the Malaysian investors have indicated that providing the business develops as planned, they will continue to support the group in the foreseeable future and provide additional finance in order that it can settle its liabilities.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

c) Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, net of discounts, VAT and other sales related tax.

Gate receipts and other matchday revenue are recognised as the games are played. Prize money in respect of cup competitions is recognised when received. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees received for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the football season.

Merchandising revenue is recognised when goods are delivered and title has passed.

d) Player costs and transactions

(i) Initial capitalisation

The costs associated with the acquisition of player registrations are capitalised as intangible fixed assets. Any intangible assets acquired on deferred terms are recorded at the fair value at the date of acquisition. The fair value represents the net present value of the costs of acquiring players.

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

1. Accounting policies (continued)

(ii) Amortisation discounted

These costs are fully amortised on a straight-line basis over their useful economic lives, in equal annual instalments over the period of the respective contracts. Where a contract life is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract.

(iii) Contingent consideration

Under the conditions of certain transfer agreements, further fees will be payable to the vendors in the event of the players concerned making a certain number of First Team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these additional transfers are accounted for as they arise and are taken directly to the statement of comprehensive income.

(iv) Impairment

The Group will perform an impairment review on the intangible assets if events or changes in circumstances indicate that the carrying amount of the player may not be recoverable. The Group compares the carrying amount of the asset with its recoverable amount.

The Group does not consider that it is possible to determine the value in use of an individual football player in isolation as that player (unless via a sale or insurance recovery) cannot generate cash flows on his own. Furthermore, the Group also considers that all of the players are unable to generate cash flows even when considered together. Accordingly the Group considers the smallest cash-generating unit to contain all the other First Team players, the Stadium and the training facilities.

The Group calculates the value in use of this cash-generating unit by discounting estimated expected future cash flows (being the pre-player trading cash flows generated by the Group's existing operations and any future capital expenditure on the ground and First Team squad). The Group compares this with its assessment of the fair value less costs to sell off all of the First Team players and the higher of these two numbers is deemed to be the recoverable amount.

In certain rare instances there may be an individual player whom the Group does not consider to be part of the First Team squad and who will therefore not contribute to the future cash flows earned by the cash-generating unit. This is normally due to a permanent career-threatening injury/condition or due to a serious and permanent fall out with the Group's senior football management and Directors which, as a consequence, means the Group consider it highly unlikely he will ever play for the First Team again. In this situation, the carrying value of the player is removed from the carrying value of players assessed as part of the cash-generating unit referred to above and instead this player will be assessed for impairment in isolation by considering his carrying value with the Group's best estimate of his fair value less costs to sell. The Group estimate this using one of the following sources:

- in the case of a player who has permanently fallen out with the Group's senior football management and directors, either the agreed selling price in the event the player has been transferred subsequent to the year end; or
- If there have not been any bids for the player, management's best estimation of the disposal proceeds (less costs) of the player on an arm's length basis. This is determined by the Group's senior football management in conjunction with the Directors who will use the outcome of recent player disposals (by both the Group and other football clubs) as a basis for their estimation. Any costs to sell, such as agency costs are deducted from the fair value; or
- in the case of a player who has suffered a career-threatening injury/condition, the value attributed to the player by the Group's insurers.

(v) Disposals

Profits or losses on the disposal of these registrations represent the fair value of the consideration receivable, net of any transaction costs, less the unamortised cost of the original registration.

(vi) Remuneration

Remuneration of players is charged in accordance with the terms of the applicable contractual agreements and any discretionary bonus when there is a legal or contractual obligation. Liabilities in respect of player loyalty fees are provided for, as part of operating expenses, when payment becomes probable as the player is contracted to the football club and the loyalty fee is payable prior to the next transfer window at the date the accounts are signed

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

1. Accounting policies (continued)

e) Fixed assets

All fixed assets are initially recorded at cost net of any capital contribution, with the exception of the Cardiff City Football Stadium which has been included within the balance sheet at a valuation of the replacement cost basis, based on the stadium build contract and related professional fees.

f) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & equipment	- 10%-25% straight line
Motor vehicles	- 25% straight line
Cardiff City Stadium	- 2% straight line
Training ground improvements	- 10% straight line

g) Investment property

Investment properties are revalued annually at their fair value. Acquisitions and disposals are recognised on exchange. Any gain or loss arising from a change in fair value is recognised in the consolidated statement of comprehensive income. A revaluation reserve is maintained in the balance sheet representing accumulated unrealised gains by means of transfers with retained earnings.

No depreciation is provided on investment properties, which is a departure from the requirements of the Companies Act 2006. In the opinion of the directors these properties are held primarily for their investment potential and so their current value is of more significance than any measure of consumption. If this departure from the Companies Act 2006 had not been made, the profit for the year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified. The departure for the provisions of the Act is required in order to give a true and fair view.

h) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

i) Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet dates. Translation differences are dealt with in the income statement.

j) Deferred taxation

Deferred tax is recognised, without discounting, in respect of all material timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by IAS 12 Deferred tax.

k) Adoption of new and revised Standards

In the current year, the following new and revised Standards and interpretations have been adopted with no material impact on the amounts reported in these financial statements:

- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 June 2014 are:

- IFRS 9 Financial Instruments (effective 1 January 2018)

As of 31 May 2015, the following standards and interpretations are in issue but not yet adopted by the EU:

- IFRS 15 Revenue from contracts with customers (effective 1 January 2018)

The directors anticipate at this time the adoption of these Standards and Interpretations in future periods (along with amendments to IFRS effective from 1 January 2016) will have no material impact on the financial statements of the Group.

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

1. Accounting policies (*continued*)

Initial application of new IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective for current reporting period or any amendments to such standards have been reflected in these financial statements. Application of these did not have a material impact on the financial statements and did not require a change in any significant accounting policies.

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning 1 June 2014.

l) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Non-derivative financial assets

The group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date the group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group's non-derivative financial assets comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in the fair value. These are initially and subsequently recorded at fair value.

Non derivative financial liabilities

The group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The group derecognises a financial liability when it's contractual obligations are discharged, cancelled or expire.

The group classifies non derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transactions costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

1. Accounting policies (*continued*)

m) Finance costs

Finance costs of borrowings are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the borrowings.

In accordance with IAS 39 'Financial Instruments: recognition and measurement', any non-current assets acquired on deferred terms are recorded at the discounted present value at the date of acquisition. The associated payable is then increased to the settlement value over the period of deferral, with this value being charged as a notional finance cost through the income statement.

Similarly any intangible asset disposed of on deferred terms will be initially recorded at the discounted present value of future receipts and the receivable is then increased to the settlement value over the period of deferral with this value being charged as notional finance income through the income statement.

In respect of intangible asset acquisitions, the differing rate at which the finance cost and amortisation are recognised in the income statement produces a deferred tax credit. In respect of intangible asset disposals, the finance income recognised produces a deferred tax asset. The adjustments are stated net of deferred tax.

n) Inventories

Inventories, which comprise merchandising goods held for resale, are valued at the lower of cost and net realisable value using the average cost method.

o) Capital redemption reserve

This relates to ordinary shares bought back through the share buyback scheme.

p) Critical accounting judgements and estimates

In the application of the group's accounting policies, which are described herein, the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The principal balances in the financial statements where changes in estimates and assumptions may have a material impact are:

(i) *Contingent liabilities*

Current liabilities and provisions contain contingent bonuses payable to employees, players and football clubs and are based on the best information available to management at the balance sheet date. However, the future costs assumed are inevitably only estimates, which may differ from those ultimately incurred.

(ii) *Recoverable amount of non-current assets*

All non-current assets, including property, plant and equipment and intangible assets, are reviewed for potential impairment using estimates of the future economic benefits attributable to them. Such estimates involve assumptions in relation to future ticket income, media and sponsorship revenue and on pitch performance. Any estimates of future economic benefits made in relation to non-current assets may differ from the benefits that ultimately arise, and materially affect, the recoverable value of the asset.

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

1. Accounting policies (continued)

(iii) Current taxation

The complex nature of tax legislation under which the group operates necessitates the use of many estimates and assumptions, where the outcome may differ from that assumed.

(iv) Financial assets and liabilities

Financial assets and liabilities are recognised in the group's balance sheet where the group becomes a party to the contractual provisions of the asset/liability.

(v) Impairment of financial assets

All financial assets are assessed for indicators of impairment at each balance sheet date.

(vi) Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled, or they expire.

q) Operating segments

This Group operates a professional football club in the United Kingdom and is, therefore, considered to operate in a single geographical and business segment.

2. Revenue

The revenue and profit (2014: loss) before tax are attributable to the one principal activity of the group, and are derived from activities wholly within the United Kingdom.

Revenue may be analysed as follows:

	2015	2014
	£'000	£'000
Gate receipts & match day income	5,671	8,276
Centralised broadcasting & commercial distributions	28,547	63,974
Sponsorship, advertising & other commercial income	6,074	10,888
	<u>40,292</u>	<u>83,138</u>

3. Operating loss

This is stated after (charging)/crediting the following:

	2015	2014
	£'000	£'000
Rent & service charges receivable	30	297
Amortisation of intangible assets	(10,965)	(14,521)
Impairment of intangible assets	(4,613)	(6,598)
Depreciation of owned fixed assets	(1,985)	(1,654)
Impairment of owned fixed assets	-	(5,487)
Operating lease rentals		
- land & buildings	(570)	(1,023)
Auditor's remuneration		
- as auditor	(105)	(35)
- for other services	(64)	(16)
	<u>(64)</u>	<u>(16)</u>

Exceptional income of £13,000,000 (2014: £Nil) relates to the discharge of an amount due to the owner. Exceptional costs of £3,182,000 (2014: £2,050,000) relates to the change of football & senior management, including employment termination costs together with payments to other football clubs in compensation for the release of employee's contracts.

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

4. Particulars of employees

The average number of staff, including executive directors, employed by the group during the financial year can be analysed as follows:

	2015	2014
	No.	No.
Players	57	46
Other staff	130	138
	<u>187</u>	<u>184</u>

The aggregate payroll costs of the above were:

	2015	2014
	£'000	£'000
Wages and salaries	36,870	46,704
Social security costs	4,662	6,445
Other pension costs	34	9
	<u>41,566</u>	<u>53,158</u>
Player related wages and salaries	30,843	38,951
Other wages and salaries	6,027	7,753
	<u>36,870</u>	<u>46,704</u>

5. Directors' remuneration

The Directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£'000	£'000
Fees	-	90

The total aggregate remuneration of the Directors for the year was £nil (2014: £90,000). The number of Directors for whom retirement benefits are accruing under a money purchase pension scheme is nil (2014: nil).

6. Profit/(Loss) on disposal of non-current assets

	2015	2014
	£'000	£'000
Profit/(Loss) on disposal of players' registrations	9,702	(5,158)
Loss on disposal of tangible assets	(3)	-
	<u>9,699</u>	<u>(5,158)</u>

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

7. Finance Costs

	2015 £'000	2014 £'000
Finance income		
Bank interest received	9	16
Loan discounting on shareholder loan	13,423	-
	<u>13,432</u>	<u>16</u>
Finance costs		
Langston charge	(686)	(264)
Shareholder and associated undertakings	(622)	1,904
Other interest	(41)	(8)
	<u>(1,349)</u>	<u>1,632</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2015 £'000	2014 £'000
Current tax:		
UK Corporation tax based on the results for the year	-	-
	<u>-</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 20.83%. The differences are explained below:

	2015 £'000	2014 £'000
Profit/(Loss) on ordinary activities before taxation	3,860	(12,016)
Profit/(Loss) on ordinary activities multiplied by standard rate of tax of 20.83% (2014 - 22.67)	804	(2,724)
Expenses not deductible for tax purposes	5	5
Unrelieved tax losses	(916)	2,612
Capital allowances less than depreciation	(207)	(207)
Fixed assets and other differences	-	-
Income not taxable	314	314
	<u>-</u>	<u>-</u>
Total current tax (note 8(a))	<u>-</u>	<u>-</u>

A potential deferred tax asset exists at the balance sheet date in respect of tax losses carried forward. This has not been recognised in the accounts as there is insufficient evidence that the asset will be recoverable.

Tax losses carried forward at the balance sheet date were £107.28m (2014 - £111.72m).

9. Profit attributable to members of the parent company

The profit for the financial year was £nil (2014 - £2,000).

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

10. Intangible fixed assets

Group	Goodwill £'000	Player registrations £'000	Total £'000
Cost			
At 1 June 2014	1,514	57,436	58,950
Additions	-	19,973	19,973
Disposals	-	(38,269)	(38,269)
At 31 May 2015	1,514	39,140	40,654
Amortisation			
At 1 June 2014	1,514	21,612	23,126
Charge for the year	-	10,965	10,965
Disposals	-	(16,253)	(16,253)
At 31 May 2015	1,514	16,324	17,838
Impairment			
At 1 June 2014	-	10,665	10,665
Charge for the year	-	4,613	4,613
Disposals	-	(4,447)	(4,447)
At 31 May 2015	-	10,831	10,831
Net book value			
At 31 May 2015	-	11,985	11,985
At 31 May 2014	-	25,159	25,159

Group	Goodwill £'000	Player registrations £'000	Total £'000
Cost			
At 1 June 2013	1,514	23,356	24,870
Additions	-	45,769	45,769
Disposals	-	(11,689)	(11,689)
At 31 May 2014	1,514	57,436	58,950
Amortisation			
At 1 June 2013	1,514	10,624	12,138
Charge for the year	-	14,521	14,521
Disposals	-	(3,533)	(3,533)
At 31 May 2014	1,514	21,612	23,126
Impairment			
At 1 June 2013	-	3,999	3,999
Charge for the year	-	6,598	6,598
Disposals	-	68	68
At 31 May 2014	-	10,665	10,665
Net book value			
At 31 May 2014	-	25,159	25,159
At 31 May 2013	-	8,733	8,733

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

11. Tangible fixed assets

	Fixtures and equipment £'000	Motor vehicles £'000	Training ground improvements £'000	Cardiff City Stadium £'000	Investment property £'000	Total £'000
2015						
Cost or valuation						
At 1 June 2014	2,022	69	493	63,293	985	66,862
Additions	272	9	546	2,724	-	3,551
Disposals	-	(10)	-	-	-	(10)
At 31 May 2015	2,294	68	1,039	66,017	985	70,403
Depreciation						
At 1 June 2014	616	41	43	5,392	-	6,092
Charge for the year	255	11	102	1,617	-	1,985
Disposals	-	(7)	-	-	-	(7)
At 31 May 2015	871	45	145	7,009	-	8,070
Impairment						
At 1 June 2014	-	-	-	5,487	-	5,487
At 31 May 2015	-	-	-	5,487	-	5,487
Net book value						
At 31 May 2015	1,423	23	894	53,521	985	56,846
At 31 May 2014	1,406	28	450	52,414	985	55,283
2014						
Cost or valuation						
At 1 June 2013	1,435	69	119	52,461	-	54,084
Additions	587	-	374	10,832	985	12,778
At 31 May 2014	2,022	69	493	63,293	985	66,862
Depreciation						
At 1 June 2013	402	31	5	4,000	-	4,438
Charge for the year	214	10	38	1,392	-	1,654
At 31 May 2014	616	41	43	5,392	-	6,092
Impairment						
At 1 June 2013	-	-	-	-	-	-
Charge for the year	-	-	-	5,487	-	5,487
At 31 May 2014	-	-	-	5,487	-	5,487
Net book value						
At 31 May 2014	1,406	28	450	52,414	985	55,283
At 31 May 2013	1,033	38	114	48,461	-	49,646

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

11. Tangible fixed assets (continued)

The group contributed towards the cost of the new stadium project, part also being funded by a capital contribution from Cardiff City Council. The group's total net contribution to the new stadium development was therefore recorded as £26.3m on completion of the core stadium build.

At 31 May 2009 the directors revalued the stadium to £44.6m on a replacement cost basis, based on the stadium build contract and related professional fees agreed as at 4 May 2007, the date unconditional planning consent was granted for the stadium development. Consequently, on 31 May 2009 an amount of £25m was transferred to a revaluation reserve.

Cardiff City Stadium land is held on a 150 year lease from Cardiff City Council which commenced in September 2009. Cardiff City Council provided a capital contribution towards the cost of the new stadium project. The capital contribution is secured by way of first charge over Cardiff City Stadium leasehold property.

Depreciation on the new stadium asset commenced from 22 July 2009, when the stadium was brought into use.

As at 31 May 2013 the group sought professional advice as to the valuation of the stadium at the year end date and were advised that the carrying value based on a depreciated replacement cost basis equated to the fair value as at 31 May 2013.

During the year the football club spent £2,724,000 (2014: £10,437,000) on improvements to and expansion of the East Stand of the football stadium.

The historical cost equivalents of Cardiff City Stadium assets, carried at valuation, are:

	£'000
Cost	
At 1 June 2014	39,298
Additions	2,724
	<hr/>
At 31 May 2015	42,022
	<hr/>
Depreciation	
At 1 June 2014	2,891
Charge for the year	1,014
	<hr/>
At 31 May 2015	3,905
	<hr/>
Net book value	
At 31 May 2015	38,117
	<hr/>
At 31 May 2014	36,407
	<hr/>

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

12. Investments

Company	Group companies £'000
Cost	
At 1 June 2014 and 31 May 2015	685
Net book value	
At 1 June 2014 and 31 May 2015	<u>685</u>

Subsidiary undertakings

	Country of incorporation and operation	Holding	Nature of holding	Proportion held
Cardiff City Football Club Limited	England	Ordinary	Directly held	100%
Cardiff City Stadium Limited	England	Ordinary	Directly held	100%
Cardiff City Premier Seating	England	Ordinary	Indirectly held	100%
Cosway Sports UK Limited	England	Ordinary	Directly held	100%

13. Inventories

	Group 2015 £'000	2014 £'000
Inventories	<u>45</u>	<u>252</u>

Inventories comprise merchandising goods held for resale.

14. Trade and other receivables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade receivables	545	569	-	-
Football receivables	7,120	50	-	-
Amounts owed by group undertakings	-	-	22,491	19,491
Other receivables	3,193	1,290	-	-
Prepayments and accrued income	558	7,610	-	-
	<u>11,416</u>	<u>9,519</u>	<u>22,491</u>	<u>19,491</u>

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

15. Current liabilities

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade payables	3,955	4,117	-	-
Football payables	1,746	4,655	-	-
Loans from overseas shareholders and associated undertakings	8,800	130,294	-	-
Taxation and social security	1,842	2,353	-	-
Other payables	157	5	-	-
Loan stock	5,750	1,000	-	-
Other borrowings	4,200	-	-	-
Accruals and deferred income	11,176	8,597	-	-
	<u>37,626</u>	<u>151,021</u>	<u>-</u>	<u>-</u>

As at 31 May 2015 loans from overseas shareholders and associated undertakings of £8,800,000 (2014: £129,778,000) were secured by debenture on the assets of the company.

Loan stock

In 2013, the football club settled with the holders of the unsecured redeemable loan stock.

The settlement agreement provided that the football club will make:

- a one off payment of £15m.
- further non-interest bearing payments of £7m over a 7 year period.

As at 31 May 2015 an amount of £5,750,000 (2014:£ 6,250,000) was outstanding.

During the year the company sought clarification on who the beneficial owners behind the Langston Corporation were. However, the Langston Corporation refused and continues to refuse to divulge this information. As a result in December 2014 the group ceased to make quarterly instalments of £250,000. Since that date the Langston Corporation has issued court proceedings against the group for all outstanding debt. The group has filed a defence to these court proceedings and has issued a counterclaim seeking recovery of sums paid to Langston by mistake under the 2013 settlement agreement.

In addition during the year Tormen Finance Inc, a company which has a common director with Cardiff City Football Club (Holdings) Limited, advanced £1.3m (2014: £7.5m) to the group at an interest rate of 8.75%. The capital amount outstanding at the balance sheet date was £8.8m (2014: £7.5m).

16. Non current liabilities

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Other payables	-	-	-	-
Loan stock	-	4,564	-	-
Accruals and deferred income	1,213	1,606	-	-
Loans from overseas shareholders and associated undertakings	101,592	-	-	-
	<u>102,805</u>	<u>6,170</u>	<u>-</u>	<u>-</u>

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

16. Non current liabilities (continued)

Analysis of loans:-

	2015 £'000	2014 £'000
Interest bearing with conversion rights	28,103	-
Non Interest bearing without conversion rights	73,489	-
	<u>101,592</u>	<u>-</u>

During the year £86.9m of the loans from overseas shareholders were redesignated as non interest bearing without conversion rights. Of the interest bearing loans with conversion rights, £13m was discharged.

Non interest bearing without conversion rights

The maturity profile of the group's loans at the balance sheet date which have been discounted at the company's cost of capital and which do not include interest payments are as follows:-

	2015 £'000	2014 £'000
Due in more than two years	86,913	-
Loan discounting on shareholder loan	(13,424)	-
Carrying value	<u>73,489</u>	<u>-</u>

Loans from overseas shareholders & associated undertakings

During the period the group received loans from its main shareholder, Tan Sri Dato'Seri Vincent Tan Chee Yioun.

The key terms of the interest bearing loan with conversion rights are:

- interest accrues on the interest bearing element at an annual rate of 7%;
- the loans are secured by way of a charge over the assets and undertaking of the principal trading company within the group; and
- the lender has the right to convert any amounts outstanding, including accrued interest, into equity at any time, at a fixed conversion price of 15.69 pence per share.
- The total interest due to 31 May 2015 was waived.

The key terms of the non interest bearing loan without conversion rights is:

- the loans are secured by way of a charge over the assets and undertaking of the principal trading company within the group.

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

17. Payables - capital instruments

The maturity profile of the group's total borrowings at the balance sheet date which have been discounted using the group's weighted average cost of capital and which do not include interest payments are as follows:

	2015			2014		
	Principal £'000	Interest £'000	Total £'000	Principal £'000	Interest £'000	Total £'000
In one year or less or on demand	18,550	-	18,550	155,297	475	155,772
In more than one year but not more than five years	101,592	475	102,067	3,587	-	3,587
In more than 5 years	-	-	-	976	-	976
	<u>120,142</u>	<u>475</u>	<u>120,617</u>	<u>159,860</u>	<u>475</u>	<u>160,335</u>

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

18. Commitments under operating leases

At 31 May 2015 the group had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 2015 £'000	Other assets 2015 £'000	Land and buildings 2014 £'000	Other assets 2014 £'000
Operating leases which expire:				
Within one year	75	3	-	2
Within two to five years	-	24	-	56
After five years	497	-	474	-
	<u>572</u>	<u>27</u>	<u>474</u>	<u>58</u>

19. Contingencies

The group has commitments under player registration transfer contracts with other football clubs to pay up to £5,540,000 (2014: £2,275,000) which are conditional upon one or more future events.

Given that such future events are not completely within the group's control, no provision has been made for this amount in these financial statements.

20. Related parties

Control

The ultimate controlling party is considered to be Mr Vincent Tan due to his majority shareholding in Cardiff City Football Club (Holdings) Limited.

Company inter group balances at 31 May 2015 were as follows:-

Cardiff City Football Club Limited	£19,769,000
Cardiff City Premier Seating Limited	£8,000
Cardiff City Stadium Limited	£2,714,000

Key Management Personnel

In addition to the remuneration detailed in note 5, a further £975,229 (2014: £1,677,000) was paid to key management personnel.

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

21. Share capital

Allotted and called up:

	2015		2014	
	No	£'000	No	£'000
Ordinary shares of £0.10 each	<u>150,156,264</u>	<u>15,015</u>	<u>131,034,805</u>	<u>13,103</u>

On 28 July 2011, at a General Meeting of the Company, the members approved that the directors be given to authority to allot up to a maximum of 204,656,719 ordinary shares of £0.10 having the aggregate nominal value of £20,465,692, provided that the power shall expire five years from the date of the passing of the resolution.

During the year the majority shareholder converted £3,000,000 of his loan into equity. The company issued 19,121,459 Ordinary shares of £0.10 each at a price of 15.69 pence per share in exchange for a reduction in the loan to the principal shareholder. The related premium on the issue of the shares has been transferred to the share premium account.

22. Notes to the cash flow statement

Group

Reconciliation of operating activities to operating cash flows

	2015	2014
	£'000	£'000
Profit/(Loss) on ordinary activities before taxation	3,860	(12,016)
Amortisation	10,965	14,521
Depreciation	1,985	1,654
Impairment of intangible assets	4,613	6,598
Impairment of tangible assets	-	5,487
Non-cash movement	(25,738)	264
(Profit)/Loss on sale of players	(9,702)	5,158
Loss on sale tangible assets	3	-
Operating cash flows before movement in working capital	(14,014)	21,666
Change in inventories	207	(67)
Change in receivables	(1,897)	(7,522)
Change in payables	(5,438)	(9,836)
Net cash (outflow)/inflow from operating activities	(21,142)	4,241

Cash flows from investing activities

	2015	2014
	£'000	£'000
Payments to acquire player registrations	(15,779)	(45,769)
Payments to acquire tangible fixed assets	(3,551)	(12,778)
Receipts from sale of player registrations	27,271	3,066
Net cash inflow / (outflow) from investing activities	7,941	(55,481)

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

22. Notes to the cash flow statement (continued)

Financing

	2015 £'000	2014 £'000
Net inflow from shareholder loans	6,522	64,520
Repayment of loan stock	(500)	(15,750)
Other borrowings	4,200	-
Proceeds from share issuance	3,000	2,500
Net cash inflow from financing	<u>13,222</u>	<u>51,270</u>

Company

Reconciliation of operating activities to operating cash flows

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	-	2
Change in payables	-	(286)
Net cash from operating activities	<u>-</u>	<u>(284)</u>

Cash flows from investing activities

	2015 £'000	2014 £'000
Repayment of group loans	(3,000)	(2,216)
Net cash outflow from investing activities	<u>(3,000)</u>	<u>(2,216)</u>

Financing

	2015 £'000	2014 £'000
Proceeds from share issuance	3,000	2,500
Net cash inflow from financing	<u>3,000</u>	<u>2,500</u>

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

23. Financial instruments

Capital risk management

The company manages its capital to ensure that the entity will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Strong financial capital management is an integral part of the Directors' strategy to achieve the company's stated objectives. The Directors' review financial capital reports on a regular basis and the company finance function do so on a daily basis ensuring that the company has adequate liquidity. The Directors' consideration of going concern is detailed in the Directors' Report. The capital structure of the company consists of debt, which includes the borrowings disclosed in notes 15 and 16, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in note 21 and the statement of changes in equity.

Financial risk management objectives and policies

The main purpose of these financial instruments is to finance the group's operations. The group has other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The carrying value of the financial assets (with non-financial assets shown for reconciling purposes) are analysed as follows:

	2015 Financial assets £'000	2015 Non- financial assets £'000	Total £'000	2014 Financial assets £'000	2014 Non- financial assets £'000	Total £'000
Assets						
Non current	-	68,831	68,831	-	80,442	80,442
Trade receivables and similar items	11,416	-	11,416	9,519	-	9,519
Cash and cash equivalents	1,226	-	1,226	1,205	-	1,205
Other current assets	45	-	45	252	-	252
Total assets	<u>12,687</u>	<u>68,831</u>	<u>81,518</u>	<u>10,976</u>	<u>80,442</u>	<u>91,418</u>

The group has not used derivative financial instruments during the year. The Board will review the need for the use of derivative financial instruments in the future.

The group has exposure to the following risks from its use of financial instruments:

- (i) market risk;
- (ii) credit risk; and
- (iii) liquidity risk.

(i) Market risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange and interest rates.

The financial risk associated to changes in interest rates is not considered to be a risk to the group as the principal borrowings of the group are all at a fixed interest rates as disclosed in note 15 and 16.

The financial risk associated to changes in foreign exchange rates is not considered to be a risk to the group as the group has no significant balances at the balance sheet date denominated in a foreign currency.

Due to these risks being deemed to be insignificant, no sensitivity analysis has been provided.

Cardiff City Football Club (Holdings) Limited

Notes to the financial statements

Year ended 31 May 2015

23. Financial instruments (continued)

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The maximum credit exposure relates to the total of cash and cash equivalents, and trade receivables which is £8,880,000 (2014: £1,734,000).

The maximum risk exposure relates to football creditors but this is mitigated by the governing body of the respective association.

Credit evaluations are performed on all customers requiring credit over a certain amount. The maximum credit risk exposure of the company comprises the amounts presented in the balance sheet which are stated net of provisions for doubtful debts.

	Gross receivables 2015 £'000	Provision 2015 £'000	Gross receivables 2014 £'000	Provision 2014 £'000
Non Football				
Not due	103	-	131	-
Past due 0-30 days	89	-	72	-
Past due 31-90days	2,642	2,500	4	-
More than 90 days	861	650	793	712
	<hr/>	<hr/>	<hr/>	<hr/>
Football				
Not due	7,120	-	331	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total				
Not due	7,223	-	462	-
Past due 0-30 days	89	-	72	-
Past due 31-90days	2,642	2,500	4	-
More than 90 days	861	650	793	712
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(iii) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors. The Directors use management information tools including budgets and cash flow forecasts to be able to constantly monitor and manage current and future liquidity.

The funding of the Group is through loans from the principal shareholder as disclosed in note 15 and 16.