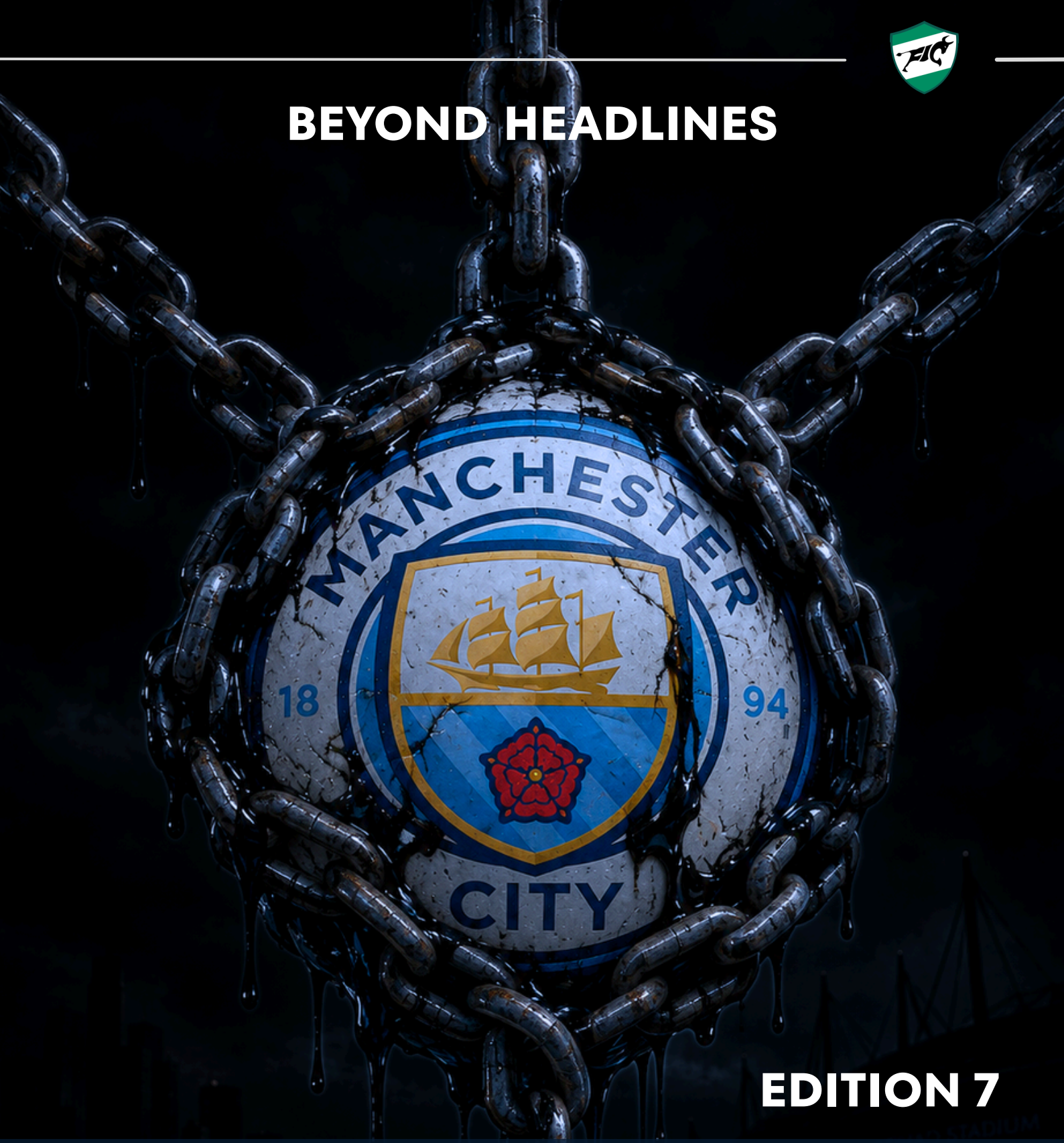
BEYOND HEADLINES



EDITION 7

GREY AREAS OF THE SKY BLUES: THE MANCHESTER CITY SCANDAL

ADUG's 2008 takeover launched a record-spending era, starting with Robinho for £32.5M.

PHASE 1

Disguised owner funding covered £831M in commercial deals, bypassing regulatory spending limits.

PHASE 2



Fabricated sponsor deals erased sudden deficits, avoiding costly league rules penalties.

PHASE 3

Clandestine offshore accounts and Project Longbow masked tens of millions in expenses.

PHASE 4

PHASE 5

Commission investigations ruled City liable across nine seasons, revealing £900M distorted accounts.

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INTRODUCTION

For many years, Manchester City was in the shadow of its own past. Sure, they won the First Division back in 1967-68 and the FA Cup in 1969. But that was ancient history. A 35-year drought without a major trophy followed, finally snapped by the FA Cup in 2011. The league title? Even worse. A 44-year wait that finally ended with the Premier League in 2011-12.

While they were waiting, City was frequently not among the leading teams in English football and had been **relegated from the top flight on more than one occasion**, spending even one season in the **third division during 1998-99**. Although by 2008 they had a devoted following and a proud record, they were not a serious challenge for the title. The club had a habit of changing managers, suffered from **financial instability** and was unable to regularly draw in the world's best players.

The Day Everything Changed

On **1 September 2008,** Manchester City's future changed almost suddenly. The **Abu Dhabi United Group (ADUG)**, which was controlled by **Sheikh Mansour**, agreed to take over the club from **Thaksin Shinawatra** in a deal that was reported to be worth about **£200 million**. Because of his connections in Abu Dhabi, Sheikh Mansour was able to give the club much greater financial resources than those of the majority of English clubs. The effect was evident. They made their intentions obvious on deadline day, dropping £32.5 million on Real Madrid's Robinho. A new British transfer record. On 1 September 2008 Manchester City weren't just trying to survive in the Premier League anymore; they were coming for the biggest clubs in England and Europe.

The deal was **more than just** a matter of making expensive transfers. ADUG also invested in the club's infrastructure, academy, training facilities and commercial development. Their objective was to create a long-term football project which would enable City to become a consistent winner rather than depending solely on short-term spending.

The Making of the Powerhouse

The results came fast. They won the FA Cup in 2011 to end that 35-year wait. Then they grabbed the Premier League in 2011-12, finally ending that 44-year wait. And they didn't stop there. Manchester City continued to dominate English football, winning league titles in 2013-14, 2017-18, 2018-19, 2020-21, 2021-22, 2022-23 and 2023-24.

Europe was the final frontier. Their biggest breakthrough came in 2022-23, when they finally won the UEFA Champions League. Combined with their Premier League and FA Cup victories that season, it completed a historic treble.

The Question Behind the Success

The rapid pace and extent of City's rise also raised a difficult & troubling question: was this transformation due simply to good management, the recruitment of players, and commercial growth, or was some part of it made possible by **financial arrangements**



which violated the rules intended to limit owner spending? The financial rules relating to football were introduced in order to stop clubs being able to spend without restriction because of **direct injections of money by their owners**. It was expected that clubs would finance their spending from real operating income, such as money from broadcasting, ticket sales and **sponsorship**. When money from owners was treated as commercial revenue, a club was able to show a better financial position and thus spend more even though it appeared to be complying with the rules.

The **independent Commission of the Premier League** looked into whether Manchester City had employed such an arrangement. Its investigation centred on a **"Disguised Funding Scheme"**: this was a supposed arrangement where **sponsors linked to Abu Dhabi paid only part** of the amounts listed in City's contracts, while **ADUG paid the remainder**. Manchester City then treated the full amount as **sponsorship income**.

The Commission determined that from the 2009-10 period to 2017-18 City received £949.94 million in sponsorship revenue from companies based in Abu Dhabi. It established that the sponsors contributed £119.25 million, whereas ADUG paid £830.69 million. Thus, the Commission concluded that the majority of the amount recorded as sponsorship income had come from City's owner rather than from the sponsors themselves. The Commission also discovered that City had arranged 'sham' commercial contracts as part of schemes which increased revenue and decreased costs by more than £900 million during the relevant period. This larger figure covers **non-sponsorship arrangements** such as the **Fordham image-rights arrangement** and must not be confused with the specific sponsorship finding of **£830.69 million**.

THE REVENUE ISSUES

The Manchester City case **isn't really about the size of the club's commercial deal**. What matters is where the money came from. Financial fair play and the Premier League's rules exist to stop clubs from bankrolling unsustainable spending with unlimited owner cash. After Sheikh **Mansoor took over in 2008** through Abu Dhabi United Group Investment and Development Ltd., they had to show a lot of commercial revenue to stay inside those limits.

An **independent Premier League Commission** concluded that City ran a Disguised Funding Scheme. Several Abu Dhabi-linked partners paid only a fraction of what their contracts promised. **AUDG quietly covered** the rest, and the club booked the full value as outside commercial income.

Why did Commercial Income matter?

Sponsorships are operating income in football finance. Every extra pound here directly increases what a club can spend on transfers and wages. Shareholder money is capped, excluded or treated differently in the break-even tests. The real prize was the label on the cash. City's declared commercial income jumped after 2008, mostly through big deals with Abu Dhabi-linked entities. The Commission didn't allege wrongdoing simply because the sponsors



came from Abu Dhabi. It **went by payment audits**, which showed the sponsors funded only a small share of the revenue City recorded.

WHO WAS INVOLVED & THE MONEY MOVEMENT?

The primary counterparties were Etihad Airways, Etisalat, Aabar Investments, and the Abu Dhabi Tourism Authority (ADTA). An April 2010 internal email about **Aabar's £15** million annual deal shows how it worked. Aabar's own **obligation** was just **£3 million**, and the **other £12 million** was to come from alternative sources provided by **His Highness** Sheikh Khalifa bin Zayed bin Sultan Al Nahyan, king of Abu Dhabi. The pattern was the same each time. An Abu Dhabi-linked entity signed an **inflated** sponsorship deal and paid a small, pre-agreed sum. ADUG funded the rest, directly or through parallel contracts. City then recognised 100% of the contract value as sponsorship revenue. From 2009-10 to 2017-18, City booked £949.94 million in sponsorship income from Abu Dhabi entities. The actual sponsors paid only £119.25 million (12.6%). ADUG covered the remaining £830.69 million (87.4%), which is the disguised owner funding at the heart of the revenue case.

The May 2013 shortfall!

In May 2013, near the close of the 2012-13 accounting year, Roberto Mancini's sacking cost City £9.9 million in severance. This pushed them into an FFP deficit. The then-CFO, Jorge Chumillas, admitted in writing that extra Abu Dhabi sponsorship income was the only way to pass the break-even test. Records show last-minute revenue adjustments of **£5.5 million for ADTA, £1.5 million** for Etihad and £0.5 million for Aabar, all said to come from alternative sources provided by His Highness. The Commission noted the agreements **were changed right before the reporting** deadline, with no negotiation with the sponsors. City also **pushed revenue up** by billing for bonuses on events that had already happened and for the US pre-season tour. Contract values were altered purely to erase a regulatory deficit. There was no genuine bargaining involved.

Regulatory Findings and Current Situation

Back in 2014, UEFA settled with City over earlier FFP breaches. The punishment? A €60 million fine (with €40 million suspended) and limits on their European squad for 2014-15. Then, leaked files in 2018 forced the Premier League to launch its own inquiry. By September 2026, the Commission ruled City liable for every serious financial rule breach between 2009-10 and 2017-18, plus three of the four non-cooperation charges. It laid bare sham commercial agreements, systemic misrepresentation, and a deliberate effort to hide finances from auditors and regulators. All told, the schemes inflated revenue and reduced costs by over £900 million. Just keep in mind that this figure includes other tactics, like the Fordham image-rights vehicle, so it's separate from that £830.69 million sponsorship finding. Sanctions are still winding through the legal process, and City has appealed every finding while maintaining its innocence.

Even so, the ruling is explicit that the vast majority of City's Abu Dhabi commercial income came straight from ADUG.

HIDING THE OUTFLOWS

City's non-compliance didn't stop at fake revenue. The club also underreported, shifted and left out operating costs, breaching three UEFA Club Licensing and FFP rules. **Article 47** requires accounts giving a true and fair view of income and expenses. **Article 58** defines which expenses count as relevant. **Article 62** covers accurate break-even calculations. As **LiveScore reported**, the Commission upheld the charges that City breached the financial rules across the nine seasons. The Premier League confirmed these moves understated costs and inflated revenue by **over £900 million** which is a direct breach of Article 68

Dual Contracts and Manager pay

In order to cut down on football expenses, City transferred executive salaries outside of its audited payroll. Roberto Mancini's salary was divided among different organisations. £8.866 million of his pay was financed directly by ADUG and had been left out of City's records, thus violating Article 58. Both Der Spiegel and the sports integrity briefing stated that ADUG sent the money through the UAE club Al Jazira, which in turn paid Mancini through Sparkleglow Holdings, an offshore shell company. The arrangement involving two contracts - the official contract with undisclosed side agreements- successfully concealed the real extent of his remuneration from the regulators, the auditors, and the Premier League's watchdog.

PROJECT LONGBOW AND FORDHAM AGREEMENT

To offset growing operating deficits, the club launched Project Longbow, which **mixed genuine** commercial ventures with **aggressive schemes** for removing costs from the **balance sheet**. The main vehicle was an agreement with **Fordham Sports Image Rights Ltd** covering recurring player **image rights fees**, a major expense. City sold those intellectual property rights to **Fordham for an upfront £24.5 million** and instantly booked artificial commercial income. Fordham then took over all future image-rights liabilities, removing them from City's FFP returns, while ADUG indirectly covered everything **Fordham absorbed**, creating a closed payment loop.

As documented by **The Washington Times**, **The Statesman** and the **Manchester Evening News**, this let City settle real liabilities with owner equity, off the balance sheet. It overstated commercial income by £24.5 million and understated operating expenses by £49.414 million. The Commission found the other Project Longbow initiatives were authentic, but Fordham was an illegitimate accounting construct. When UEFA's Club Financial Control Body Investigatory Chamber uncovered the transactions, City challenged the findings and threatened litigation against UEFA and the auditors. The dispute ended in the 2014 settlement negotiated with then UEFA General Secretary Gianni Infantino, which let City avoid sanctions.

FINANCIAL VIOLATIONS AND LEGAL PROCEEDINGS

An independent commission appointed by the Premier League alleged Manchester City breached 115 rules between 2009 and 2018. These weren't scattered accounting errors. The charges fell into five distinct categories of systemic misconduct: inaccurate financial reporting, withholding player and manager remuneration, defying UEFA Financial Fair Play (FFP), violating Premier League Profitability and Sustainability Rules (PSR), and failing to cooperate with the investigations.

Manchester City **failed to comply** with the Premier League **Rules B15/B16, B13, E.3, E.4, E.11 and E.12,** and some season specific provisions which required them to disclose all their financial information accurately. The investigations revealed that the sponsorship and other agreements inflated the financial position of the club by more than £900 million over the period thereby misrepresenting the clubs revenue and costs. Rules Q.7-Q.8/P.7-P.8 for manager contracts and rules K.12, K.20, T.12, T.19 and T.20 for player contracts require clubs to disclose complete information regarding the remuneration allowed to the players and managers. The club was alleged to have not fully disclosed such information as required by the given rules.

Premier League Rules B.14.6 and B.15.6 made it mandatory for clubs to comply with UEFA's Financial Fair Play regulations while **Rules E.52-E.60 and E.53-E.60** governed the applicable **Profitability and Sustainability Rules or 2015/16 and 2016/17–2017/18** respectively. The investigations revealed that when the accounts of the club were corrected to give the true information regarding the sponsorship and related party agreements, the club failed to meet the break- even requirements established by UEFA and the Sustainability Limits established by the Premier League by substantial amounts.

It is compulsory for all clubs to assist the Premier League's **disciplinary investigation** and **comply with the same in good faith** as per the relevant cooperation provisions and and the applicable seasonal requirements including **Rules B.16, B.19, W.1, W.2, W.12 and W.13**. The club was found guilty of breaching **three out of four categories** of alleged non cooperation.

As on 29th September 2026, the Premier League declared that the independent commission had found Manchester City guilty of committing serious financial breaches for over nine seasons , from 2009/10 to 2107/18. The club challenged the decision by registering a complaint on 1st October with the Chair of the Premier the Premier League Judicial Panel that was confirmed on 2nd October 2026. The club argues that there are material errors of law, principle and fact in the opinions presented by the commission. The further proceedings of the case will remain private and confidential until the final judgement is declared.

CONCLUSION

The conclusions regarding sponsorship tell more about the way money is interpreted than they do about any one club. While an owner might inject funds into a club and the owners of City have done so in large amounts, the rules limit the amount of the club's losses that such money can offset and do not allow it to be treated as revenue. Any spending beyond this limit must be backed by income which the club actually earns. The Commission discovered that £830.69 million of ADUG's funds had been recorded in the accounts as sponsorship and had thus been counted as earned income, helping the club to seem as if it had met those limits.

It is up to the appeal board to decide whether or not that constituted a breach of the rules as the Commission found or whether City's appeal is successful. Even if the finding is upheld, it remains instructive.

The lessons mentioned below are interpretations, not the Commission's findings. Although a pound of sponsorship and a pound of owner funding may be economically equivalent to the club, they are legally different in the eyes of the regulator, which is why the label is just as important as the amount. Rules that are based on reported income can advantage those who control the reporting, especially in cases where an owner has a network of related companies. The fact that City had obstructed the investigation and that certain witnesses had been dishonest was not merely a result of the spending; it was due to the paper trail, which led to the Premier League inquiry being launched after the leak of documents in 2018 and which the Commission then found to include these points.

For clubs and investors, the practical consideration is that owner-linked income is assessed in relation to fair market value and that the documents can be reviewed many years later. As for the regulators, the more difficult issue is that they are not always able to determine who is actually paying unless the rules mandate that owners and their affiliates make the disclosure.



INTRODUCTION

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APPENDIX

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- Manchester City sign Robinho | UEFA
- Financial Fair Play regulations | UEFA
- Profitability and Sustainability Rules | Premier League
- Etihad partnership announcement | Manchester City
- Manchester City Commission decision | Premier League
- Associated Party Transaction rules | Premier League
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