The Liverpool Football Club and Athletic Grounds Limited

Directors' report and financial statements

Registered number 00035668

For the year ended

31 May 2013

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Directors' report

The directors present their directors' report and financial statements of The Liverpool Football Club and Athletic Grounds Limited ("the Club" or "Company") for the year ended 31 May 2013

The directors have prepared the financial statements using the going concern assumption, the basis of which is more fully set out in note 1

Review of the business

The principal activities of the Company continued to be those of a professional football club and related activities

Profit and Loss

Turnover for the year ended 31 May 2013 was £206 1 million *(10 months ended 31 May 2012 £169 million)*

Media revenue for the year ended 31 May 2013 was £63 8 *million (10 months ended 31 May 2012 £62 8 million)* The increase related to Europa League revenue although this was offset by a decrease in domestic cup revenue

Match day revenue for the year ended 31 May 2013 was £44 6 *million (10 months ended 31 May 2012 £42 3 million)* This increase related to Europa League and pre season revenue although this was offset by a decrease in domestic cup revenue

Commercial revenue for the year ended 31 May 2013 was £97 7 *million (10 months ended 31 May 2012 £63 9 million)* This was due to an underlying increase in sponsorship and royalty revenues plus an increase due to the longer reporting period

Administrative expenses before exceptional costs for the year ended 31 May 2013 were £213 1 million *(10 months ended 31 May 2012 £176 5 million)* The main reason for the increase is due to the longer reporting period

Also included in administrative expenses is an exceptional amount of £2 0 million *(10 months ended 31 May 2012 £10 4 million)* This includes £1 4 million payable to former employees and other costs in relation to general restructuring

The loss on the disposal of player registrations for the year ended 31 May 2013 is £12 7 million *(10 months ended 31 May 2012 £1 7 million)*

Interest payable for the year ended 31 May 2013 was £4 5 *million (10 months ended 31 May 2012 £3 7 million)*

The loss before taxation for the year ended 31 May 2013 was £49 8 million *(10 months ended 31 May 2012 £40 5 million)*

Directors' report *(continued)*

Balance Sheet

Intangible fixed assets have increased from £120 9 million at 31 May 2012 to £130 9 million at 31 May 2013 The main element of this is the player registration movement from a net book value of £110 5 million at 31 May 2012 to £121 8 million at 31 May 2013 This is as a result of player acquisitions of £65 4 million offset by the net book value of disposals of £6 7 million and amortisation and impairment of £47 4 million

This is offset by a decrease in intangible assets of £1 3 million in relation to the amortisation of goodwill recognised on the previous acquisition of the business and assets of the Company's 100% subsidiary – Liverpoolfc TV Limited

Tangible fixed assets have increased from £28 5 million at 31 May 2012 to £28 6 million at 31 May 2013

Net bank debt has decreased by £19 9 million from £65 0 million at 31 May 2012 to £45 1 million at 31 May 2013

Intercompany debt has increased by £46 8m million from £22 2 million at 31 May 2012 to £69 million at 31 May 2013 (excluding the amount due to the Company's 100% subsidiary Liverpoolfc TV Limited) This was due to a £46 8 million injection by UKSV Holdings Company Limited that was used to fully repay the £37 8 million outstanding amount on the stadium loan facility with the remaining £9 million being used to repay part of the revolving credit facility

On the football pitch the Club finished seventh in the Premier League and reached the last 32 of the Europa League

Results and dividend

The profit and loss account on page 9 shows a loss before taxation for the year of £49 8 million *(10 months ended 31 May 2012 loss of £40 5 million)* The directors do not recommend the payment of a dividend (2012 nil)

Strategy

The four key elements of the Company's strategy are to

- Improve football performance through a positive playing style and strategic player investment,
- Improve the scouting and player recruitment process,
- Improve the fan experience and interaction with the Club, and
- Leverage the Club's global following to deliver revenue growth

Key performance indicators

The principal key performance indicators for 2013 were as follows

Non-financial

- Performance against target of continued qualification for the Champions League
- Attendance versus capacity
- Performance of all squads

Football success is a key driver of commercial success

Directors' report *(continued)*

Financial

- Revenue
- Payroll costs
- EBITDA (Earnings before interest, tax, depreciation and amortisation)
- Cash flow
- Player trading
- Capital expenditure

Future developments

On 15 October 2012, the Company announced that its current preference is to redevelop the Anfield stadium, and assist in improving the local infrastructure as part of a council led regeneration program

The Company will also continue with the many new initiatives to build on the growth already achieved in its commercial business, in particular aiming to grow its international retail, media and partnership activities

Principal risks and uncertainties

The Board acknowledges there are risks that affect the Company and action is taken to minimise the risks The directors consider the principal risks and uncertainties associated with running a professional football Club such as Liverpool Football Club to be the player transfer market and wage levels, attendance levels, and revenues from broadcasting contracts and football competitions Player transfer market and wage costs are those that need most care, and the aim is to manage these costs within financial constraints, whilst remaining as competitive as possible Development of the Club's commercial revenue continues and the Board is mindful that continued success on the field is paramount to this development Regular meetings are held internally at the Company on the latest risks and financial and commercial issues, including health and safety updates

Financial risk management objectives and policies

An explanation for the Company's exposure to price risk, credit risk, liquidity risk, interest rate risk and cash flow risk is set out below The Company's financial instruments comprise bank balances and cash together with various net working capital items which arise directly from its operations such as trade debtors and trade creditors The main purpose of these financial instruments is to transact and raise finance for the Company's operations

All of these are measured against budget for the year

- **Liquidity and cash flow risk**
  Financial risk is managed in such a way as to ensure there is always sufficient liquidity available This is achieved by the use of predictive financial models which are updated on a regular basis to reflect changes in revenues, costs and other cash management procedures

- **Currency**
  Where currencies other than sterling are used, the Company looks at natural hedges in the business, and assesses whether further measures are required and hedging arrangements are entered into where appropriate

- **Credit risk**
  The Company's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

Directors' report *(continued)*

- **Interest rate risk**
  Interest rate exposure is reviewed regularly by the Chief Financial Officer and hedging arrangements entered into where appropriate

Employees

Within the bounds of commercial confidentiality, the Company endeavours to keep staff at all levels informed of matters that affect the progress of the Company and are of interest to them as employees

The Company operates an equal opportunities policy The aim of this policy is to ensure that there should be equal opportunity for all and this applies to external recruitment, internal appointments, terms of employment, conditions of service and opportunity for training and promotion regardless of gender, ethnic origin or disability

Disabled persons are given full and fair consideration for all types of vacancy in as much as the opportunities available are constrained by the practical limitations of the disability Should, for whatever reason, an employee of the Company become disabled whilst in employment, every step, where appropriate, will be taken to assist with rehabilitation and suitable re-training The Company maintains its own health, safety and environmental policies covering all aspects of its operations

Regular meetings and inspections take place to ensure all legal requirements are adhered to and that the Company is responsible to the needs of the employees and the environment

Directors

The directors who held office during the period were as follows

J Henry
T Werner
M Gordon
D Ginsberg
J Vinik (resigned 28 January 2013)
I Ayre
P Nash (resigned 28 February 2013)

Certain directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report The Company provided qualifying third party indemnity provisions to certain directors of associated companies during the financial period and at the date of this report

Political and charitable contributions

The Company made charitable donations of £183,500 during the year *(10 months ended 31 May 2012 £31,000)* No political donations were made in the current year or prior period

The Company also operates a fully funded community department at a cost of £385,000 in the year *(10 months ended 31 May 2012 £578,000)* that is actively involved with projects in the local area

Directors' report *(continued)*

Post balance sheet events

Since the end of the financial period, the Club has contracted for the purchase and sale of various players and extended some existing player contracts The net amount payable resulting from this activity is £53 3 million This activity will be accounted for in the year ending 31 May 2014 The cumulative effect on the profit and loss account since the year end in relation to the loss on sales of players is £1 0 million

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

Ian Ayre
Director
Anfield Road
Liverpool
L4 0TH
United Kingdom

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditor's report to the members of The Liverpool Football Club and Athletic Grounds Limited for the period ended 31 May 2013

We have audited the financial statements of The Liverpool Football Club and Athletic Grounds Limited for the period ended 31 May 2013 set out on pages 9 to 29 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 (APB'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 website 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 Company's affairs as at 31 May 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the members of The Liverpool Football Club and Athletic Grounds Limited for the period ended 31 May 2013 *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

25 September 2013

David Bills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

Profit and Loss Account
for the year ended 31 May 2013

	Note	**Operations excluding player amortisation and trading £000**	**Player amortisation and trading £000**	**For the year ended 31 May 2013 £000**	For the 10 month period ended 31 May 2012 £000
Turnover	2	**206,115**	-	**206,115**	168,998
Cost of sales		**(23,713)**	-	**(23,713)**	(17,323)
Gross profit		**182,402**	-	**182,402**	151,675
Other operating income	3	**28**	-	**28**	40
Administrative expenses before exceptional costs	4	**(165,701)**	**(47,425)**	**(213,126)**	(176,493)
Administrative expenses – exceptional costs	5	**(1,963)**	-	**(1,963)**	(10,354)
Total administrative expenses		**(167,664)**	**(47,425)**	**(215,089)**	(186,847)
Operating profit/(loss)		**14,766**	**(47,425)**	**(32,659)**	(35,132)
Loss on disposal of players' registrations		-	**(12,685)**	**(12,685)**	(1,721)
Profit/(loss) before interest and taxation		**14,766**	**(60,110)**	**(45,344)**	(36,853)
Other interest receivable and similar income	7			**14**	19
Interest payable and similar charges	8			**(4,463)**	(3,688)
Loss on ordinary activities before taxation				**(49,793)**	(40,522)
Tax on loss on ordinary activities	9			**(57)**	-
Loss for the financial period				**(49,850)**	(40,522)

All amounts relate to continuing operations

The Company has no recognised gains and losses for the period other than the loss stated above, therefore no separate statement of gains and losses has been prepared

The notes on pages 12 to 29 form part of the financial statements

Balance Sheet
at 31 May 2013

	Note	31 May 2013 £000	31 May 2013 £000	31 May 2012 £000	31 May 2012 £000
Fixed assets					
Intangible assets	*10*		**130,893**		120,910
Tangible assets	*11*		**28,617**		28,508
Investments	*13*		**15,890**		15,890
			175,400		165,308
Current assets					
Stocks	*14*	**8,020**		5,584	
Debtors (including £1 0 million *(2012 £13 3 million)* due after more than one year)	*15*	**43,829**		48,574	
Cash at bank and in hand		**3,071**		4,923	
		54,920		59,081	
Creditors amounts falling due within one year	*16*	**(181,575)**		(113,165)	
Net current liabilities			**(126,655)**		(54,084)
Total assets less current liabilities			**48,745**		111,224
Creditors amounts falling due after more than one year	*16*		**(93,337)**		(105,966)
Net (liabilities) / assets			**(44,592)**		5,258
Capital and reserves					
Called up share capital	*20*		**174**		174
Capital reserves	*21*		**101,084**		101,084
Share premium account	*21*		**32,882**		32,882
Profit and loss account	*21*		**(178,732)**		(128,882)
Shareholders' (deficit) / funds			**(44,592)**		5,258

The notes on pages 12 to 29 form part of the financial statements

These financial statements were approved by the board of directors on 23 September 2013 and were signed on its behalf by

Ian Ayre
Director

Cash Flow Statement

for the year ended 31 May 2013

	Note	**For the year ended 31 May 2013 £000**	For the 10 month period ended 31 May 2012 £000
Net cash inflow/(outflow) from operating activities	*23*	**24,977**	(1,090)
Returns on investments and servicing of finance	*24*	**(3,028)**	(3,681)
Taxation		**(57)**	-
Capital expenditure and financial investment	*24*	**(47,422)**	(16,478)
Cash outflow		**(25,530)**	(21,249)
Financing	*24*	**23,678**	23,638
(Decrease)/increase in cash in the period		**(1,852)**	2,389

The notes on pages 12 to 29 form part of the financial statements

Notes
(forming part of the financial statements)

1 Accounting policies

The principal accounting policies applied in the preparation of the financial statements are as follows

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 1 to 4, as are the financial position of the Company, its cash flows, liquidity position and borrowing facilities

The Company has a revolving credit facility that is due for renewal on 30 September 2014 The Company's forecasts and projections show that the Company should be able to operate within the level of its current facility, and meet its obligations as they fall due in the foreseeable future The Company will open renewal negotiations with the bank in due course and has no reasons to suggest that renewal may not be forthcoming on acceptable terms

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements These financial statements present information about the Company as an individual undertaking and not about its group

As the Company is a wholly owned subsidiary of UKSV Holdings Company Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of UKSV Holdings Company Limited, within which this Company is included, can be obtained from the address given in note 27

Turnover and revenue recognition

Turnover represents income receivable from the Company's principal activities and is exclusive of value added tax and transfer fees Matchday receipts are stated after percentage payments to The Football Association, the Football League and visiting Clubs Revenue from this source is recognised over the course of the football season as games are played Sponsorship and similar commercial income is recognised over the duration of the respective contracts Income arising from the fixed element of broadcasting revenue is recognised over the duration of the playing season Facility fees (non-fixed element of broadcasting revenue) which relate to live coverage or highlights of games are recognised as games are played Revenue arising from participation in European competitions is recognised as matches are played and is classified as matchday income and media income as appropriate Turnover relating to retail and mail order consists of the amounts receivable for goods supplied by the Company to customers, excluding value added tax Mail order sales are recognised on delivery to the customer

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised This positive goodwill is amortised to nil by equal annual instalments over its estimated useful life The estimated useful life of the Company's goodwill is 11 years The goodwill recognised in the Company's balance sheet is in relation to the transfer of the trade and assets of Liverpoolfc tv Limited in July 2009 (see note 13)

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets and depreciation

Depreciation is provided on the cost of fixed assets appropriate to their estimated useful lives as follows

Freehold/long leasehold buildings	2%-20%	Stands, fixtures, fittings and equipment	10%-33%
Youth academy	2%	Motor vehicles	20%
Training ground	2%	Computers	25%

Freehold and long leasehold land is not depreciated All other classes of tangible fixed assets are depreciated on a straight-line basis at the rates stated above, except for fixtures, fittings and equipment which are depreciated using the reducing balance method The historical cost of the existing stadium is included under the heading "stands, fixtures, fittings and equipment" shown in note 11

Impairment of fixed assets

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable If any such indication exists, the asset's recoverable amount is estimated An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset

Intangible fixed assets

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets These costs are fully amortised in equal instalments over the period of players' individual contracts Where a player's contract is extended beyond its initial period, amortisation is calculated over the period of the extended contract from the date on which it is signed Players' registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale

The profit or loss on disposal of a player's registration is calculated as the difference between the transfer fee recovered/receivable less the net book value at the date of sale and less any direct costs of the transfer Future receipts of transfer fees based on the transferred player or the buying Club meeting certain performance criteria in the future are recognised when the criteria are met Future payments of transfer fees based on performance criteria are recognised when it becomes probable that the criteria will be met

Signing on fees

Signing on fees are charged evenly, as part of the administrative expenses, to the profit and loss account over the period of the player's contract Where a player's registration is transferred any signing on fees payable in respect of future period are charged against the profit/loss on disposal of players' registrations in the period in which the disposal is recognised

Stock

Stock represents goods for resale and is valued at the lower of invoice cost and net realisable value Cost is based on actual cost

Finance leases, operating leases and hire purchase

Assets acquired under finance leases or hire purchase contracts are treated as tangible fixed assets and depreciation is provided accordingly The outstanding future lease obligations are shown in creditors Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit/loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised without discounting, in respect of all 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 otherwise required by FRS 19 "Deferred Tax"

Pensions

The Company operates its own defined contribution scheme which is managed by Aviva In addition, certain employees are members of The Football League Players' Retirement Income Scheme or The Football League Limited Pension and Life Assurance Scheme Contributions are also paid to individuals' private pension schemes Pension contributions are charged to the profit and loss account as they become payable

The Company continues to make contributions in respect of its share of the deficit of the defined benefit section of The Football League Limited Pension and Life Assurance Scheme (the 'Scheme') Accrual of benefits on a final salary basis was suspended with effect from 31 August 1999, when an actuarial review showed a substantial deficit As one of a number of participating employers the Company is advised only of its share of the Scheme's deficit and recognises a liability in respect of this As a result, the contributions paid to the scheme reduce the provision The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme

Deferred income

Deferred income comprises amounts received on sales of season tickets, sponsorship income and hospitality income These amounts are released to the profit and loss account over the period to which the income relates

Deferred credits

Deferred credits relate to grants receivable from The Football Trust in relation to the stadium improvements and landlord contributions towards capital expenditure on leasehold property These are transferred to the profit and loss account over the life of the assets to which they relate These amounts are repayable in certain exceptional circumstances In the opinion of the directors such circumstances are unlikely to arise in the course of the Company's normal operations

Foreign currency transactions

Transactions denominated in foreign currencies are translated into sterling at rates of exchange approximating to those ruling at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling as at that date Translation differences are dealt with in the profit and loss account

Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs The finance cost of the debt is allocated to periods at the term of the debt at a constant rate on the carrying amount

Other finance costs

Other finance costs in relation to the short term extensions to the Company facilities have been recognised as incurred within interest payable and similar charges

Other operating income

Other operating income includes rent received from residential properties

Notes *(continued)*

2 Analysis of turnover

	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
By activity		
Media	**63,791**	62,774
Matchday	**44,617**	42,327
Commercial	**97,707**	63,897
	206,115	168,998

By geographical market
Turnover, all of which originates in the United Kingdom, can be analysed by destination as follows

United Kingdom	**198,056**	164,293
Rest of World	**8,059**	4,705
	206,115	168,998

3 Other operating income

	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
Other operating income comprises		
Rent receivable	**28**	40

Notes *(continued)*

4 Administrative expenses – before exceptional costs

Operations excluding player amortisation and trading	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
Depreciation of tangible fixed assets		
- Owned by the Company	**3,173**	2,518
Loss on disposal of tangible fixed assets	**-**	9
Amortisation of goodwill	**1,272**	1,060
Staff costs	**130,843**	109,231
Grants released	**(290)**	(242)
Other operating charges	**28,504**	19,197
Operating lease rentals – land and buildings	**1,627**	1,479
Operating lease rentals – other	**475**	481
Auditors' remuneration	**97**	95
	165,701	133,828
Player amortisation and trading		
Amortisation of players' registrations	**37,099**	33,759
Impairment of players' registrations	**10,326**	8,906
	213,126	176,493

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed This information has been disclosed on a consolidated basis in the consolidated financial statements of UKSV Holdings Company Limited

5 Administrative expenses – exceptional costs

	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
Termination payments and associated costs	**1,396**	9,579
Legal and professional fees	**567**	775
	1,963	10,354

These costs comprise

- Amounts payable to former employees and other costs in relation to general restructuring (including the change in coaching staff),
- Legal and professional fees incurred by the Company in respect of the purchase of the Company by UKSV Holdings Company Limited

Notes *(continued)*

6 Directors and employees

	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
The directors of the Company received the following remuneration		
Emoluments (excluding pension contributions)	**1,338**	967
Aggregate payments to defined contribution schemes	**43**	36
Highest paid director's remuneration		
Emoluments	**1,010**	642
Company pension contributions	**25**	15
	1,035	657

At 31 May 2013, no director had retirement benefits accruing under defined benefit pension schemes *(2012 nil)*

	For the year ended 31 May 2013 Number	For the 10 month period ended 31 May 2012 Number
During the period, the average number of full-time employees (including directors) was as follows		
Players, managers and coaches	**127**	135
Ground and maintenance staff	**56**	61
Administration, commercial and other	**374**	358
	557	554

Full-time employees are those employed for more than 20 hours per week In addition, the Company employed on match days on average 1,212 part-time employees *(2012 1,218)* The Company also employs an additional 67 part-time scouts and coaches *(2012 68)*

	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
Aggregate amounts for both staff and directors charged in respect of		
Wages and salaries	**116,092**	103,483
Social security costs	**15,552**	12,384
Pension costs	**596**	2,804
	132,240	118,671

Notes *(continued)*

7 Other interest receivable and similar income

	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
Bank interest	**14**	19
	14	19

8 Interest payable and similar charges

	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
On bank loan and overdrafts	**2,943**	2,778
Other finance costs	**1,520**	910
	4,463	3,688

Included within other finance costs are amortised financing costs of £1 3 million *(2012 £0 8 million)* which are being amortised in accordance with FRS 4 "Capital Instruments"

Notes *(continued)*

9 Taxation

Analysis of charge in the period

	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
Current tax		
Foreign tax	**57**	-
Total current tax	**57**	-
Deferred tax (see note 17)		
Origination and reversal of timing differences	-	-
Tax charge on loss on ordinary activities	**57**	-

The tax assessed for the period differs from the loss for the period multiplied by the standard rate of corporation tax in the UK of 23 8% *(2012 25 6%)* The differences are explained below

Loss on ordinary activities before taxation	**(49,793)**	(40,522)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23 8% *(2012 25 6%)*	**(11,850)**	(10,374)
Effects of		
Other timing differences	**(1,402)**	(85)
Expenses not deductible for tax purposes/income not taxable	**1,162**	950
Capital Allowances in excess of depreciation	**(126)**	(149)
Amortisation in excess of tax claims	**470**	-
Movement in tax losses	**11,746**	9,658
Foreign tax paid	**57**	-
Total current tax charge	**57**	-

The Company has losses available to be offset against future profits amounting to £141 4 million *(2012 £99 4 million)*

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013

This will reduce the company's future current tax charge accordingly

Notes *(continued)*

10 Intangible fixed assets

	Players' registrations £000	Goodwill £000	Total £000
Cost			
At 1 June 2012	222,846	13,994	236,840
Additions	65,410	-	65,410
Disposals	(41,215)	-	(41,215)
At 31 May 2013	**247,041**	**13,994**	**261,035**
Amortisation			
At 1 June 2012	112,326	3,604	115,930
Charged in year	37,099	1,272	38,371
Impairment provision	10,326	-	10,326
Eliminated on disposals	(34,485)	-	(34,485)
At 31 May 2013	**125,266**	**4,876**	**130,142**
Net book value			
At 31 May 2013	**121,775**	**9,118**	**130,893**
At 31 May 2012	110,520	10,390	120,910

Notes *(continued)*

11 Tangible fixed assets

	Land and buildings Freehold £000	Long leasehold £000	Stands, fixtures, fittings & equipment £000	Motor vehicles £000	Assets in course of construction £000	Total £000
Cost						
At 1 June 2012	22,430	3	59,948	191	49,226	131,798
Additions	-	-	2,588	-	694	3,282
Disposals	-	-	(28)	-	-	(28)
At 31 May 2013	**22,430**	**3**	**62,508**	**191**	**49,920**	**135,052**
Depreciation						
At 1 June 2012	13,002	-	40,926	136	49,226	103,290
Charge for year	188	-	2,962	23	-	3,173
Eliminated on disposals	-	-	(28)	-	-	(28)
At 31 May 2013	**13,190**	**-**	**43,860**	**159**	**49,226**	**106,435**
Net book value						
At 31 May 2013	**9,240**	**3**	**18,648**	**32**	**694**	**28,617**
At 31 July 2012	9,428	3	19,022	55	-	28,508

Contracted capital commitments at 31 May 2013, for which no provision has been made in these financial statements, amount to £1 4 million *(31 May 2012 £nil)*

Notes *(continued)*

12 Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2013 Land and buildings £000	2012 Land and buildings £000
Operating leases which expire		
In the second to fifth years inclusive	**490**	90
Over five years	**1,264**	1,659
	1,754	1,749

13 Fixed asset investments

	Shares in group undertakings £000
Cost and net book value	
At 1 June 2012 and 31 May 2013	**15,890**

The investment carrying value of £15 9 million represents the cost of acquiring the entire share capital of Liverpoolfc TV Limited This Company is now dormant following the transfer of the trade and assets to the Company in July 2009 The net assets of Liverpoolfc TV Limited as at 31 May 2013 were £20 0 million

The Company acquired 100% of the shares of Liverpool Ladies Football Club Limited This company was incorporated on 20 August 2012 and has a year end of 31 May 2013

Joint venture

The Company owns 50% of the shares of Stanley Park Limited The remaining 50% is held by Liverpool City Council Stanley Park Limited did not trade during the period Stanley Park Limited has a year end of 31 March 2013

14 Stocks

	2013 £000	2012 £000
Goods for resale	**8,020**	5,584

15 Debtors

	2013 £000	2012 £000
Trade debtors	**36,282**	35,054
Other debtors	**41**	26
Prepayments and accrued income	**7,506**	13,494
	43,829	48,574

Debtors include trade debtors of £1 0 million *(31 July 2012 £13 3 million)* due after more than one year

Notes *(continued)*

16 Creditors

Amounts falling due within one year	2013 £000	2012 £000
Trade creditors	**41,240**	35,340
Amounts owed to current group undertakings – UKSV Holdings Company Limited	**68,965**	22,200
Other taxation and social security	**13,056**	10,435
Other creditors	**2,383**	2,003
Accruals	**14,537**	33,477
Deferred credits (note 18)	**290**	290
Deferred income	**41,104**	9,420
	181,575	113,165

The £69 0 million due to group undertakings at 31 May 2013 represented a £69 0 million intercompany creditor with the Club's UK holding company, UKSV Holdings Company Limited This loan is non-interest bearing

Notes *(continued)*

16 Creditors *(continued)*

Amounts falling due after more than one year	2013 £000	2012 £000
Bank loan	**48,151**	69,893
Trade creditors	**21,593**	11,770
Amounts owed to group undertakings	**20,001**	20,001
Other creditors	**2,949**	3,369
Deferred credits (note 18)	**643**	933
	93,337	105,966

The bank loans and overdrafts are repayable as follows

	2013 £000	2012 £000
Bank loans	**50,000**	72,747
Less deferred loan costs	**(1,849)**	(2,854)
	48,151	69,893
In the second to fifth years	**48,151**	69,893

On 30 September 2011, the Company and its holding company, UKSV Holdings Company Limited, refinanced its credit facilities with three banks – The Royal Bank of Scotland plc, Bank of America and Barclays Bank plc This provided £120 million of facilities for a term of three years - £45 million in relation to the existing stadium project facility and £75 million available for general corporate purposes including working capital and letters of credit

On 3 August 2012, UKSV Holdings Company Limited injected £46 8 million in to the company via a non interest bearing intercompany loan This was used to fully repay the £37 8 million outstanding amount on the stadium loan facility with the remaining £9 million being used to repay part of the revolving credit facility The £120 million total facility is now available for general corporate purposes

Trade creditors falling due after more than one year relate to contractual payments due on the acquisition of players' registrations

Amounts due to group undertakings of £20 million represent the amount due to the Company's subsidiary – Liverpoolfc TV Limited

Notes *(continued)*

17 Provisions for liabilities

Deferred tax

	2013 £000	2012 £000
This comprises deferred taxation attributable to		
Accelerated capital allowances	**143**	10
Other timing differences	**9,524**	9,627
Roll over claims in intangible fixed assets	**(3,351)**	(2,279)
Tax losses carried forward	**(32,524)**	(23,851)
	(26,208)	(16,493)
Less not provided	**26,208**	16,493
	-	-

The Company has tax losses to carry forward of £141 4 million *(2012 £99 4 million)* A deferred tax asset of £26 2 million *(2012 £16 5 million)* has not been recognised as the directors do not believe that suitable taxable profits in future periods are sufficiently certain in order to recognise an asset

18 Deferred credits

	2013 £000	2012 £000
At beginning of year	**1,222**	1,464
Credited to profit and loss account	**(290)**	(242)
At end of year	**932**	1,222

Notes *(continued)*

19 Contingent liabilities and assets

Additional transfer fees payable of £16 1 million *(31 May 2012 £16 3 million)* will arise if certain conditions in transfer contracts at 31 May 2013 are fulfilled In accordance with the Company's accounting policy for transfer fees any additional fees which may be payable under these agreements, will be accounted for in the year that it becomes probable that the condition is fulfilled Since the year end £0 2 million of contingent liabilities have crystallised

Under the terms of certain contracts for the sale of players' registrations, future amounts may be received by the Club As at 31 May 2013 the maximum amount that could be received is £0 2 million *(31 May 2012 £5 1 million)* Since the period end £nil of the contingent assets have crystallised

20 Called up share capital

	2013 £	2012 £
Authorised		
50,000 Ordinary shares of £5 each	**250,000**	250,000
Allotted, called up and fully paid		
34,823 Ordinary shares of £5 each	**174,115**	174,115

21 Reserves

	Capital reserves £000	Share premium account £000	Profit and loss account £000
The movement on reserves during the year was as follows			
At 31 May 2012	101,084	32,882	(128,882)
Loss for the year	-	-	(49,850)
At 31 May 2013	**101,084**	**32,882**	**(178,732)**

22 Shareholders' funds

	2013 £000	2012 £000
The reconciliation of movements in shareholders' funds was as follows		
Loss for the year	**(49,850)**	(40,522)
Opening shareholders' funds	**5,258**	45,780
Closing shareholders' funds	**(44,592)**	5,258

Notes *(continued)*

23 Net cashflow from operating activities

	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
Operating loss	(32,659)	(35,132)
Depreciation charges	3,173	2,518
Transfer of deferred credits (note 18)	(290)	(242)
Loss on disposal of tangible fixed assets	-	9
Amortisation and impairment of players' registrations	47,425	42,665
Amortisation of goodwill	1,272	1,060
(Increase)/decrease in stocks	(2,436)	3,507
Increase in debtors	(9,170)	(7,480)
Increase/(decrease) in creditors	17,662	(7,995)
Net cash inflow/(outflow) from operating activities	24,977	(1,090)

24 Gross cash flows

	For the year ended 31 May 2013 £000	For the 10 month period ended 31 May 2012 £000
Returns on investment and servicing of finance		
Interest received	14	19
Interest paid	(3,042)	(3,700)
	(3,028)	(3,681)
Capital expenditure		
Payments to acquire tangible fixed assets	(3,129)	(2,301)
Payments to acquire intangible fixed assets – player registrations	(59,865)	(44,827)
Proceeds from sale of intangible fixed assets – player registrations	15,572	30,650
	(47,422)	(16,478)
Financing		
Facility drawdown	15,000	35,000
New intercompany debt	46,765	-
Costs of raising finance	(339)	(3,362)
Repayment of intercompany debt	-	(8,000)
Repayment of Stadium Loan	(37,748)	-
	23,678	23,638

Notes *(continued)*

25 Analysis of changes in net debt

	At 1 June 2012 £000	Cash flow £000	Other non-cash changes £000	At 31 May 2013 £000
Cash at bank and in hand	4,923	(1,852)	-	**3,071**
	4,923	(1,852)	-	**3,071**
Debt due after one year	(69,893)	23,087	(1,345)	**(48,151)**
Intercompany debt – UKSV Holdings Company Limited	(22,200)	(46,765)	-	**(68,965)**
Net debt	(87,170)	(25,530)	(1,345)	**(114,045)**

Reconciliation of net cash flow to movement in net debt	**2013 £000**	2012 £000
(Decrease)/increase in cash in the year	**(1,852)**	2,389
Cash inflow from increase borrowings – bank loans	-	(31,347)
Cash outflow from decrease borrowings – bank loans	**23,087**	-
Cash inflow from increase borrowings – UKSV Holdings Company Limited	**(46,765)**	-
Cash outflow from decrease borrowings – UKSV Holdings Company Limited	-	8,000
Change in net debt resulting from cash flows	**(25,530)**	(20,958)
Movement in deferred loan costs	**(1,345)**	(798)
Movement in net debt in the year	**(26,875)**	(21,756)
Net debt at 31 May 2012	**(87,170)**	(65,414)
Net debt at 31 May 2013	**(114,045)**	(87,170)

Notes *(contınued)*

26 Pensions

Defined contribution schemes

Assets of defined contrıbutıon pensıon schemes are held separately from those of the Company and are separately admınıstered Total contrıbutıons charged to the profit and loss account durıng the perıod amounted to £0 6 mıllıon *(2012 £0 5 mıllıon)* As at 31 May 2013 £0 1 mıllıon *(2012 £0 1 mıllıon)* of pensıon contrıbutıons were ıncluded ın accruals

Defined benefit scheme

The Company has been advısed only of ıts share of the defıcıt arısıng on the defined benefit sectıon of The Football League Ltd Pensıon and Lıfe Assurance Scheme (the "Scheme") followıng ıts suspensıon on 31 August 1999 The latest actuarıal valuatıon of the Scheme was on 31 August 2012 whıch revealed an ıncreased defıcıt The Scheme's Trustees have stated that the contrıbutıon requıred from the Company to make good thıs defıcıt was £3 7 mıllıon The credıtor ın the accounts was ıncreased accordıngly The revısed defıcıt ıs payable over a perıod of 10 years, whıch commenced ın September 2012 The lıabılıty ıs accrued wıthın other credıtors

A summary of the movements ıs shown below

	2013	2012
	£000	£000
Provısıon at 1 June 2013	**3,732**	1,548
Payments ın perıod	**(363)**	(160)
Increase ın provısıon	**-**	2,344
Provision at 31 May 2013	**3,369**	3,732

27 Ultimate parent Company and parent undertaking of larger group of which the Company is a member

The ultımate parent company ıs N E S V I, LLC (also known as Fenway Sports Group) whıch ıs ıncorporated ın the Unıted States of Amerıca

The largest group ın whıch the results of the Company are consolıdated ıs that headed by N E S V I, LLC The smallest group ın whıch the results of the Company are consolıdated ıs that headed by UKSV Holdıngs Company Lımıted, ıncorporated ın the Unıted Kıngdom

The consolıdated fınancıal statements of UKSV Holdıngs Company Lımıted are avaılable to the publıc and may be obtaıned from the Regıstrar of Companıes, Companıes House, Crown Way, Cardıff, CF14 3UZ

28 Post balance sheet events

Sınce the end of the fınancıal perıod, the Club has contracted for the purchase and sale of varıous players and extended some exıstıng player contracts The net amount payable resultıng from thıs actıvıty ıs £53 3 mıllıon Thıs actıvıty wıll be accounted for ın the year endıng 31 May 2014 The cumulatıve effect on the profit and loss account sınce the perıod end ın relatıon to the loss on sales of players ıs £1 0 mıllıon