

**The Liverpool Football Club and
Athletic Grounds Limited**

Annual report and financial statements
Registered number 00035668
31 May 2017

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Strategic report

The directors present their strategic report and financial statements of The Liverpool Football Club and Athletic Grounds Limited ("the Club" or "Company") for the year ended 31 May 2017.

Principal activities

The Company is a wholly owned subsidiary of UKSV Holdings Company Limited, a company incorporated in the United Kingdom.

The Company's principal activity during the year continued to be those of a professional football club and related activities.

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 profitable revenue growth.

Review of the business

Profit and Loss Account

Turnover for the year ended 31 May 2017 was £364.2 million (2016: £301.8 million).

Media revenue for the year ended 31 May 2017 was £154.3 million (2016: £123.6 million). The increase mainly related to additional amounts received from the Premier League as a result of the new three year media deal which started in the 2016/17 season and also as a result of finishing fourth in the Premier League in the 2016/17 season versus eighth in the 2015/16 season. This increase was offset by having no European competition in the 2016/17 season.

Match day revenue for the year ended 31 May 2017 was £73.5 million (2016: £62.4 million). The increase was mainly as a result of the additional capacity from the New Main Stand which opened at the start of the 2016/17 season.

Commercial revenue for the year ended 31 May 2017 was £136.4 million (2016: £115.7 million). The increase mainly related to higher sponsorship, merchandising & catering revenue.

Administrative expenses for the year ended 31 May 2017 were £319.7 million (2016: £329.9 million). The decrease mainly related to lower player registration amortisation and impairment costs.

The profit on the disposal of player registrations for the year ended 31 May 2017 was £38.3 million (2016: £42.1 million).

Interest payable for the year ended 31 May 2017 was £6.7 million (2016: £5.5 million).

The profit before taxation for the year ended 31 May 2017 was £39.8 million (2016 loss before taxation: £19.8 million).

Strategic report (continued)

Review of the business (continued)

Balance Sheet

Intangible fixed assets have decreased from £190.1 million at 31 May 2016 to £172.3 million at 31 May 2017. The main element of this is the player registration movement from a net book value of £184.8 million at 31 May 2016 to £168.3 million at 31 May 2017. This is as a result of player acquisitions of £76.3 million offset by the net book value of disposals of £34.4 million and amortisation of £58.4 million.

There has been 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 £128.0 million at 31 May 2016 to £169.6 million at 31 May 2017. This includes £36.4 million of additional stadium development costs.

Net bank debt after deferred loan costs has increased by £22.6 million from £45.1 million at 31 May 2016 to £67.7 million at 31 May 2017.

Intercompany debt has remained the same as the prior period at £110.0 million at 31 May 2017.

On the football pitch the Club finished fourth in the Premier League and reached the semi-finals of the domestic EFL Cup.

Key performance indicators

The principal key performance indicators for the financial year were as follows:

Non-financial

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

Financial

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

Strategic report *(continued)*

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. An area of focus is the player transfer market and wage costs, 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 Club on the latest risks and financial and commercial issues, including health and safety updates.

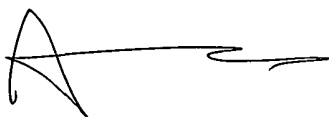
Financial risk management objectives and policies

An explanation of the Company's exposure to liquidity and cash flow risk, currency risk and credit risk is given in note 19 of the financial statements.

Stadium development

The main stand expansion project was completed during the course of this financial year. The expanded 20,500 capacity stand features high quality fan concourse and hospitality facilities together with premium public space which has created more than 1,000 new match day roles at the stadium and has broadened the stadium's hospitality, conferencing and events offering.

By order of the board



Andrew Hughes
Director

Anfield Road
Liverpool
L4 0TH

Directors' report

The directors present their directors' report and financial statements of The Liverpool Football Club and Athletic Grounds Limited (the "Company") for the year ended 31 May 2017.

Results and dividend

The Profit and Loss Account on page 9 shows a profit before taxation for the year of £39.8 million (2016: *loss before taxation of £19.8 million*). The directors do not recommend the payment of a dividend (2016: *nil*).

Directors

The directors who held office during the year were as follows:

J Henry
T Werner
M Gordon
I Ayre (resigned 24th February 2017)
M Egan
K Dalglish
A Hughes

Directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

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 Strategic report on pages 1 to 3, as are the financial position of the Company and its borrowing facilities.

The Company has a credit facility that was refinanced under a new revolving credit facility on 11 September 2015 and matures 11 September 2020. The Company's forecasts and projections show that the Company should be able to operate within the level of this facility, and meet its obligations as they fall due in the foreseeable future.

Notwithstanding the net current liability position of £139.7 million at year end, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Post balance sheet events

Details of post balance sheet events are given in note 25 of the financial statements.

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.

Directors' report *(continued)*

Employees *(continued)*

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 for the needs of the employees and the environment.

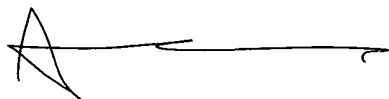
Disclosure of information to auditor

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



Andrew Hughes
Director

Anfield Road
Liverpool
L4 0TH

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual 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 company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 its profit or loss for that period. In preparing the Company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 parent company and enable them to ensure that its 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.



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

We have audited the financial statements of The Liverpool Football Club and Athletic Grounds Limited for the year ended 31 May 2017 set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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 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 2017 and of the company's profit 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 *(continued)*

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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



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

Date: 27 September 2017

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 May 2017

	<i>Note</i>	2017	2016
		£000	£000
Turnover	2	364,246	301,765
Cost of sales		(37,629)	(29,871)
Gross profit		<u>326,617</u>	<u>271,894</u>
Administrative expenses	3	(319,729)	(329,927)
Operating profit/(loss)		<u>6,888</u>	<u>(58,033)</u>
Profit on disposal of players' registrations		38,263	42,133
Interest receivable and similar income	6	1,392	1,625
Interest payable and similar charges	7	(6,746)	(5,504)
Profit/(loss) on ordinary activities before taxation		<u>39,797</u>	<u>(19,779)</u>
Tax on profit/(loss) on ordinary activities	8	(659)	(1,491)
Profit/(loss) for the financial year		<u><u>39,138</u></u>	<u><u>(21,270)</u></u>
Other comprehensive loss			
Effective portion of changes in fair value of cash flow hedges		(54)	(121)
Total comprehensive income/(loss) for the year attributable to the shareholders of the parent company		<u><u>39,084</u></u>	<u><u>(21,391)</u></u>

The activities represent the continuing activities of the company.

The notes on pages 13 to 31 form part of the financial statements.

Balance Sheet
at 31 May 2017

	<i>Note</i>	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Intangible assets	9		172,328		190,072
Tangible assets	10		169,574		127,990
Investments	11		15,890		15,890
			<hr/>		<hr/>
			357,792		333,952
Current assets					
Stocks		7,396		6,793	
Debtors (including £19.6 million (2016: £16.9 million) due after more than one year)	12	112,295		94,887	
Cash at bank and in hand		4,012		8,176	
		<hr/>		<hr/>	
		123,703		109,856	
Creditors: amounts falling due within one year	13	(263,437)		(282,296)	
		<hr/>		<hr/>	
Net current liabilities			(139,734)		(172,440)
			<hr/>		<hr/>
Total assets less current liabilities			218,058		161,512
Creditors: amounts falling due after more than one year	14		(119,516)		(102,054)
			<hr/>		<hr/>
Net assets			98,542		59,458
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	18		174		174
Share premium account			101,847		101,847
Capital contribution reserve			101,084		101,084
Cash flow hedging reserve			(26)		28
Retained earnings			(104,537)		(143,675)
			<hr/>		<hr/>
Shareholders' funds			98,542		59,458
			<hr/>		<hr/>

The notes on pages 13 to 31 form part of the financial statements.

These financial statements were approved by the board of directors on 20 September 2017 and were signed on its behalf by:



Andrew Hughes
Director

Company registered number: 00035668

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital contribution reserve £000	Cash flow hedging reserve £000	Retained earnings £000	Total equity £000
Balance at 1 June 2015	174	101,847	101,084	149	(122,405)	80,849
Total comprehensive loss for the period						
Loss for the period	-	-	-	-	(21,270)	(21,270)
Other comprehensive loss	-	-	-	(121)	-	(121)
Total comprehensive loss for the period	-	-	-	(121)	(21,270)	(21,391)
Balance at 31 May 2016	174	101,847	101,084	28	(143,675)	59,458
Total comprehensive loss for the period						
Profit for the period	-	-	-	-	39,138	39,138
Other comprehensive loss	-	-	-	(54)	-	(54)
Total comprehensive income for the period	-	-	-	(54)	39,138	39,084
Balance at 31 May 2017	174	101,847	101,084	(26)	(104,537)	98,542

The notes on pages 13 to 31 form part of the financial statements.

Statement of Cash Flows
For the year ended 31 May 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Operating profit / (loss) for the year	6,888	(58,033)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	66,815	77,665
(Gain) / loss on sale of tangible fixed assets	(3)	19
Transfer of deferred credits to Profit and Loss Account	(104)	(104)
Increase in trade and other debtors	(5,214)	(11,576)
(Increase) / decrease in stocks	(603)	3,065
Increase in trade and other creditors	5,732	28,018
	<hr/>	<hr/>
Cash flows from operations	73,511	39,054
Interest received	32	74
Interest paid	(2,531)	(2,393)
	<hr/>	<hr/>
Net cash from operating activities	71,012	36,735
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	12	26
Acquisition of tangible fixed assets	(52,000)	(57,431)
Proceeds from sale of player registrations	58,388	61,991
Acquisition of player registrations	(97,176)	(99,831)
	<hr/>	<hr/>
Net cash from investing activities	(90,776)	(95,245)
	<hr/>	<hr/>
Cash flows from financing activities		
Cash inflow from change in borrowings – bank loans	18,000	3,031
Cash (outflow) / inflow of intercompany debt	(2,400)	59,600
	<hr/>	<hr/>
Net cash from financing activities	15,600	62,631
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents	(4,164)	4,121
Cash and cash equivalents at 1 June	8,176	4,055
	<hr/>	<hr/>
Cash and cash equivalents at 31 May	4,012	8,176
	<hr/>	<hr/>

The notes on pages 13 to 31 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The Liverpool Football Club and Athletic Grounds Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, UKSV Holdings Company Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of UKSV Holdings Company Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from the address provided in note 24. 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.

FRS 102 granted certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries is its deemed cost at 1 June 2014.
- Lease incentives – for leases commenced before 1 June 2014 the Company continued to account for lease incentives under previous UK GAAP.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of Key Management Personnel compensation.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the long term player debtors and player creditors are measured at the present value of future receipts and payments discounted at a market rate of interest for a similar debt instrument. In addition, derivative financial instruments are stated at their fair value.

1.2 Going concern

The Company has a credit facility that was refinanced under a new revolving credit facility on 11 September 2015 and matures 11 September 2020. The Company's forecasts and projections show that the Company should be able to operate within the level of this facility, and meet its obligations as they fall due in the foreseeable future.

Notwithstanding the net current liability position of £139.7 million at year end, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

The Company uses foreign exchange contracts to manage foreign currency risk impacting assets and liabilities due at a future date. These derivative financial instruments are recognised at fair value.

The Company accounts for certain foreign currency contracts as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. Any ineffective portion of the hedge is recognised in the profit and loss account.

The Company also uses foreign exchange contracts to mitigate foreign currency risks that are not designated as cash flow hedges. The gain or loss on re-measurement to fair value of these contracts is recognised in the profit and loss account.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors/creditors are recognised initially at transaction price less/plus attributable transaction costs. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A financial asset not carried at fair value through the Profit or Loss Account is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the Statement of Cash Flows.

1.6 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the profit and loss account except as hedging instruments in a designated hedging relationship shall be recognised as set out below.

Notes (continued)

1 Accounting policies (continued)

1.6 Other financial instruments (continued)

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in other comprehensive income is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in the Profit or Loss Account the hedging gain or loss is reclassified to the Profit or Loss Account. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the Profit and Loss Account immediately.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

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	2% - 33%
Youth Academy	2%	Motor vehicles	20%
Training Ground	2%	Computers	25%

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".

Assets under construction are not depreciated until they are available for use, at which point they are transferred into the relevant category of fixed assets.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Notes (continued)

1 Accounting policies (continued)

1.8 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill is amortised over its estimated useful life of 20 years and is reviewed annually for impairment. The useful life has been arrived at by considering the longevity of the club, the nature and longevity of the market place and long term financial forecasts. The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Other intangible assets – player registrations

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.

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 the criteria are met.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

1.9 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.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

1.11 Pensions

Defined contribution plans and other long term employee benefits

The Company operates its own defined contribution scheme which is managed by Legal and General Group Plc. Contributions are also paid to individuals' private pension schemes. Pension contributions are charged to the Profit and Loss Account as they become payable.

Notes (continued)

1 Accounting policies (continued)

1.11 Pensions (continued)

Defined contribution plans and other long term employee benefits (continued)

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, accounts for the scheme as if it were a defined contribution scheme.

1.12 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.13 Turnover

Turnover represents income receivable from the Company's principal activities and is exclusive of value added tax and transfer fees. Match day 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 match day 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.

1.14 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Profit and Loss Account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the Profit and Loss Account over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Profit and Loss Account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in the Profit or Loss Account as they accrue, using the effective interest method.

Notes (continued)

1 Accounting policies (continued)

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences are not provided for differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Turnover

	2017 £000	2016 £000
By activity:		
Media	154,281	123,636
Commercial	136,441	115,680
Match day	73,524	62,449
	<u>364,246</u>	<u>301,765</u>
By geographical market:		
United Kingdom	349,594	286,700
EU	2,935	2,642
Rest of the World	11,717	12,423
	<u>364,246</u>	<u>301,765</u>

3 Administrative expenses

Included in administrative expenses are the following:

	2017 £000	2016 £000
Amortisation of players' registrations	58,352	64,537
Redundancy and associated costs	-	15,669
Impairment loss on player registrations	5	7,878
Depreciation of tangible fixed assets	7,186	3,978
Operating lease rentals	2,439	2,397
Amortisation of goodwill	1,272	1,272
Auditors remuneration	90	90
(Gain)/loss on disposal of tangible fixed assets	(3)	19
	<u></u>	<u></u>

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.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Administration, commercial and other	518	500
Players, managers and coaches	152	139
Ground and maintenance staff	65	61
	<u>735</u>	<u>700</u>

Full-time employees are those employed for more than 20 hours per week. In addition, the Company engaged on match days an average of 1,716 part-time temporary staff (2016: 1,496). The Company also engages an additional 10 part time scouts and coaches (2016: 27).

	2017	2016
	£000	£000
Aggregate amounts for both staff and directors charged in respect of:		
Wages and salaries	184,300	184,829
Social security costs	22,407	22,625
Pension costs	819	804
	<u>207,526</u>	<u>208,258</u>

5 Directors' remuneration

	2017	2016
	£000	£000
Directors' remuneration	1,618	1,666
Company contributions to money purchase pension plans	31	38
	<u>1,649</u>	<u>1,704</u>

	2017	2016
	£000	£000
Highest paid director's remuneration:		
Remuneration	907	1,180
Company contributions to money purchase pension plans	7	35
	<u>914</u>	<u>1,215</u>

	Number of directors	
	2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase pension plans	<u>1</u>	<u>2</u>

Notes (continued)

6 Interest receivable and similar income

	2017 £000	2016 £000
Notional interest on deferred receipts for sale of players' registrations	1,360	1,519
Bank interest	32	74
Effective gains on derivatives treated as hedging instruments	-	32
	<hr/>	<hr/>
Total interest receivable and similar income	1,392	1,625
	<hr/>	<hr/>

7 Interest payable and similar charges

	2017 £000	2016 £000
Notional interest expense on deferred payments for players' registrations	1,881	2,374
On loan and overdrafts	4,301	2,242
Other finance costs	518	888
Effective loss on derivatives treated as hedging instruments	46	-
	<hr/>	<hr/>
Total interest payable and similar charges	6,746	5,504
	<hr/>	<hr/>

8 Taxation

Total tax expense recognised in the Profit and Loss Account and Other Comprehensive Income

	2017 £000	2016 £000
<i>Current tax</i>		
Current tax on income for the period	835	1,494
Adjustments in respect of prior periods	(176)	(3)
	<hr/>	<hr/>
Total current tax	659	1,491
<i>Deferred tax (see note 16)</i>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Total tax	659	1,491
	<hr/>	<hr/>

Notes (continued)

8 Taxation (continued)

Analysis of current tax recognised in the Profit and Loss Account

	2017 £000	2016 £000
UK corporation tax	542	-
Double taxation relief	(277)	-
Foreign tax	394	1,491
	<hr/>	<hr/>
Total current tax recognised in the Profit and Loss Account	659	1,491
	<hr/>	<hr/>

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit/(loss) for the year	39,138	(21,270)
Total tax expense	659	1,491
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19.83% (2016: 20.0%)	7,893	(3,956)
Effect of tax rates in foreign jurisdictions	124	1,494
Non-deductible expenses	1,146	463
Current year movement in tax losses for which no deferred tax was recognised	(5,316)	10,702
Other timing differences for which no deferred tax asset was recognised	(3,012)	(7,209)
Over provided in prior years	(176)	(3)
	<hr/>	<hr/>
Total tax expense included in Profit and Loss Account	659	1,491
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax asset at 31 May 2017 has been calculated based on these rates.

Notes (continued)

9 Intangible assets and goodwill

	Goodwill £000	Players' registrations £000	Total £000
Cost			
Balance at 1 June 2016	13,994	360,128	374,122
Additions	-	76,267	76,267
Disposals	-	(103,867)	(103,867)
Balance at 31 May 2017	13,994	332,528	346,522
Amortisation and impairment			
Balance at 1 June 2016	8,693	175,357	184,050
Amortisation for the year	1,272	58,352	59,624
Impairment charge	-	5	5
Disposals	-	(69,485)	(69,485)
Balance at 31 May 2017	9,965	164,229	174,194
Net book value			
At 1 June 2016	5,301	184,771	190,072
At 31 May 2017	4,029	168,299	172,328

10 Tangible fixed assets

	Freehold land £000	Long leasehold £000	Stands, fixtures, fittings and equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost						
Balance at 1 June 2016	22,080	3	78,968	177	92,982	194,210
Additions	-	-	41,583	-	7,224	48,807
Disposals	-	-	(5,937)	(17)	-	(5,954)
Transfers	-	-	92,471	-	(92,471)	-
Balance at 31 May 2017	22,080	3	207,085	160	7,735	237,063
Depreciation and impairment						
Balance at 1 June 2016	13,634	-	52,310	165	111	66,220
Depreciation charge for the year	181	-	7,001	4	-	7,186
Disposals	-	-	(5,900)	(17)	-	(5,917)
Transfers	-	-	111	-	(111)	-
Balance at 31 May 2017	13,815	-	53,522	152	-	67,489
Net book value						
At 1 June 2016	8,446	3	26,658	12	92,871	127,990
At 31 May 2017	8,265	3	153,563	8	7,735	169,574

Notes (continued)

10 Tangible fixed assets (continued)

Tangible fixed assets under construction

During the year, the Main Stand at Anfield Stadium was redeveloped to increase capacity and improve facilities. The amount of borrowing costs capitalised during the period was £0.5 million (2016: £1.0 million).

11 Fixed asset investments

	Shares in group undertakings £000
<i>Cost and net book value</i>	
At 1 June 2016 and 31 May 2017	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 2017 were £20.0 million.

(a) Investments in wholly owned Group undertakings comprise:

All subsidiary undertakings of the Company are as follows:

Name of subsidiaries	Issued share capital (£)
Liverpool Ladies Football Club Limited *	100
LFC International Limited *	1
Anfield Arena Limited Y	1
LFC Financial Services Limited Y	1,000
LFC Leisure Limited Y	100
LFC Limited Y	100
LFC Properties Limited Y	100
LFC Services Limited Y	1,000
LFC Television Limited Y	100
LFC Travel Limited Y	1,000
LFC TV Limited Y	100
Liverpool FC Limited Y	1,000
Liverpoolfc.TV Limited Y	1,000
Liverpool Football Club Limited Y	1,000
Liverpool Limited Y	1,000

* Operating company

Y Dormant company

For all subsidiary undertakings in the above table, the Company owns directly 100% of the ordinary share capital.

(b) Joint venture

The Company owns 50% of the share capital in 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.

Notes (continued)

12 Debtors

	2017 £000	2016 £000
Trade debtors	105,956	86,917
Amounts owed by group undertakings	349	251
Other debtors	111	132
Prepayments and accrued income	5,879	7,587
	<u>112,295</u>	<u>94,887</u>
Due within one year	92,654	78,003
Due after more than one year	19,641	16,884
	<u>112,295</u>	<u>94,887</u>

13 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	49,252	75,110
Amounts owed to group undertakings	109,949	109,961
Taxation and social security	21,836	23,622
Corporation tax	3,037	1,275
Other creditors	1,705	2,330
Accruals	35,091	30,406
Other financial liabilities	-	250
Deferred income	42,567	39,342
	<u>263,437</u>	<u>282,296</u>

Notes (continued)

14 Creditors: amounts falling after more than one year

	2017 £000	2016 £000
Bank loans and overdrafts (see note 15)	71,709	53,315
Trade creditors	26,744	27,117
Amounts owed to group undertakings	20,001	20,001
Other creditors	1,062	1,621
	<u>119,516</u>	<u>102,054</u>

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2017 £000	2016 £000
Creditors falling due within one year		
Intercompany loan – UKSV Holdings Company Limited	109,909	109,904
	<u>109,909</u>	<u>109,904</u>
Creditors falling after more than one year		
Secured bank loans	73,000	55,000
Less: deferred loan costs	(1,291)	(1,685)
	<u>71,709</u>	<u>53,315</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2017 £000	2016 £000
Secured bank loan	£	1.48%	2020	Revolver	73,000	55,000
Intercompany loan – UKSV Holdings Company Limited	£	1.24%	N/A	On demand	109,909	109,904
					<u>182,909</u>	<u>164,904</u>

On 11 September 2015, the Company refinanced its revolving credit debt under a new revolving credit facility. This provided £150.0 million of facilities for a term of five years and is available for general corporate purposes including working capital and letters of credit.

The £109.9 million (2016: £109.9 million) due to group undertaking at 31 May 2017 represented at £109.9 million intercompany creditor with the Club's UK holding Company, UKSV Holdings Company Limited. This intercompany loan has been provided to fund the stadium expansion work.

Notes (continued)

16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are summarised as follows:

Company	Assets		Liabilities		Net	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Accelerated capital allowances	-	-	2,321	517	2,321	517
Intangible asset timing differences	-	-	14,732	14,108	14,732	14,108
Employee benefits	(1,003)	(1,056)	-	-	(1,003)	(1,056)
Unused tax losses	(16,005)	(13,482)	-	-	(16,005)	(13,482)
Other	(45)	(87)	-	-	(45)	(87)
Tax (assets) / liabilities	(17,053)	(14,625)	17,053	14,625	-	-
Net tax (assets) / liabilities	(17,053)	(14,625)	17,053	14,625	-	-

There is an unprovided deferred tax asset of £3,457,000 (2016 £11,431,000) in respect of tax losses carried forward.

The Company has total gross tax losses of £114.5 million (2016: £138.4 million). A deferred tax asset has been recognised on £94.1 million of these losses (2016: £74.9m).

17 Employee benefits

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £0.8 million (2016: £0.8 million).

18 Capital and reserves

Share capital

	Ordinary shares 2017	Ordinary shares 2016
On issue at 1 June	34,825	34,825
On issue at 31 May – fully paid	34,825	34,825
	2017	2016
	£000	£000
<i>Allotted, called up and fully paid</i>		
34,825 ordinary shares of £5 each	174	174
Shares classified in shareholders' funds	174	174

Notes (continued)

19 Financial instruments

19 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

Company Financial Assets	Financial Assets	Non-financial Assets	Total Assets	Financial Assets	Non-financial Assets	Total Assets
	2017 £000	2017 £000	2017 £000	2016 £000	2016 £000	2016 £000
At fair value through profit and loss:						
Player receivables	66,186	-	66,186	51,230	-	51,230
At amortised cost:						
Trade debtors (excluding player receivables)	39,770	-	39,770	35,687	-	35,687
Other receivables	459	5,880	6,339	383	7,587	7,970
Total Assets	106,415	5,880	112,295	87,300	7,587	94,887

Company Financial Liabilities	Financial Liabilities	Non-financial Liabilities	Total Liabilities	Financial Liabilities	Non-financial Liabilities	Total Liabilities
	2017 £000	2017 £000	2017 £000	2016 £000	2016 £000	2016 £000
At fair value through profit and loss:						
Derivative financial instruments	-	-	-	250	-	250
Player creditors	71,316	-	71,316	88,622	-	88,622
Designated and effective as hedging instrument:						
Derivative financial instruments	(281)	-	(281)	(255)	-	(255)
Other financial liabilities (amortised):						
Trade creditors and other payables (excluding player creditors)	218,373	21,836	240,209	218,796	23,622	242,418
Bank loans and overdrafts	71,709	-	71,709	53,315	-	53,315
Total Liabilities	361,117	21,836	382,953	360,728	23,622	384,350

Notes *(continued)*

19 Financial instruments *(continued)*

19 (b) Financial instruments measured at fair value

Financial risk management

The Group's activities expose it to a variety of financial risks: market risks (including currency risk and interest rate risk), credit risk and liquidity risk. The Group uses derivative financial instruments to hedge certain exposures, and has designated certain derivatives as hedges of cash flows (cash flow hedge).

The policy for each of the above risks is described in more detail below;

Currency Risks

Where currencies other than sterling are used, the Company looks at natural hedges in the business, and enters hedging arrangements where appropriate. The fair value of foreign currency contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

At the reporting date, the Company has a foreign currency contract to purchase €10.0 million designated as a cash flow hedge which matures in less than one year. The Company also has a foreign currency contract to sell €3.3 million which matures in less than one year.

Interest rate risk

The Company has no significant interest bearing assets other than cash on deposit which attracts interest at a small margin above the UK base rates.

The Company's interest rate risk arises from its borrowings. Borrowings issued at variable interest rates expose the Company to cash flow interest rate risk. The Company's borrowings are denominated in pounds sterling.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk is managed on a Company basis and arises from cash and cash equivalents and trade and other receivables (excluding receivables from parent undertakings and prepayments).

There are no other significant concentrations of credit risk within the Company. The maximum exposure risk relates to football debtors but this is mitigated by the governing bodies of international and national football associations.

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.

Liquidity risk

The Company's policy is to maintain a balance of continuity of funding and flexibility through the use of a secured loan facility. The annual cash flow is cyclical in nature with a significant portion of cash inflows being received prior to the start of the playing season. Ultimate responsibility for liquidity risk management rests with the directors. The directors use predictive financial models to constantly monitor and manage current and future liquidity.

Notes (continued)

19 Financial instruments (continued)

19 (c) Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur and will affect profit and loss as required by FRS 102.29(a) for the cash flow hedge accounting models.

	Carrying amount £000	Expected cash flows £000	2017 1 year or less £000	Carrying amount £000	Expected cash flows £000	2016 1 year or less £000
Forward exchange contracts:						
Liabilities	11,332	11,639	11,639	4,807	5,078	5,078
	<u>11,332</u>	<u>11,639</u>	<u>11,639</u>	<u>4,807</u>	<u>5,078</u>	<u>5,078</u>

There are no impacts to cash flows or profit and loss after one year.

Where possible and depending on the payment profile of transfer fees payable and receivable the Group will seek to hedge future payments and receipts at the point it becomes reasonably certain that the payments will be made or the income will be received.

During the period £0.8 million cost (2016: £1.2 million cost) was recognised in the Profit and Loss Account in respect of future player hedging arrangements.

20 Operating leases

Non-cancellable retail and office operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	2,008	2,007
Between one and five years	3,119	4,587
More than five years	364	594
	<u>5,491</u>	<u>7,188</u>

During the year £2.4 million was recognised as an expense in the Profit and Loss Account in respect of operating leases (2016: £2.4 million).

21 Commitments

Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £11.5 million (2016: £29.7 million).

Notes (continued)

22 Contingencies

Under the terms of certain contracts for the acquisition of players' registrations, future transfer fees may be payable of £18.5 million (2016: £17.1 million). In addition there are £2.6 million of other contingent liabilities at the year end. 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 £3.5 million 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 2017 the maximum amount that could be received is £19.2 million (2016: £8.2 million). Since the period end £0.4 million have crystallised.

23 Related parties

Transactions with related parties are limited to those companies that are wholly owned within the wider group and as such are exempt from disclosure.

24 Ultimate parent company and parent company of larger group

The ultimate parent Company and controlling party is N.E.S.V. I, LLC (also known as Fenway Sports Group), a company incorporated in the United States of America.

The largest group in which the results of the Company are consolidated is that headed N.E.S.V. I, LLC. The smallest group in which the results of the Company are consolidated is that headed by UKSV Holdings Company Limited incorporated in the United Kingdom.

The consolidated financial statements of UKSV Holdings Company Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

25 Subsequent events

Since the end of the financial period, the Club has contracted for the purchase and sale of various players. The net amount payable resulting from this activity is £146.0 million. This activity will be accounted for in the year ending 31 May 2018. The cumulative effect on the Profit and Loss Account since the period end in relation to the profit on sales of players is a £20.6 million profit.

26 Accounting estimates and judgements

Valuation of players' registrations

The recoverability of the squad value is considered in accordance with the accounting policy as described in note 1. The key sources of estimation uncertainty relate to which players are included within the first team squad for cash-generating unit purposes, in addition to the assumed market value of individual player registrations. This is subject to fluctuations in the wider transfer market. Management make their assessment based on internal and external sources, such as recent comparable transfers or offers received for those player registrations.