# The Liverpool Football Club and Athletic Grounds Limited

Annual report and consolidated financial statements
Registered number 00035668
31 May 2021

## Contents

# Group Strategic report

The directors present their strategic report and financial statements of The Liverpool Football Club and Athletic Grounds Limited ("the Club" or "Company") and its subsidiaries (together "the Group") for the year ended 31 May 2021.

**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 Group'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**

During the reporting period the Club won the 19/20 league title for the 19th time in their history and went on to finish third place in the 20/21 league season. The club also reached the last 8 of the 20/21 UEFA Champions League.

Covid-19

During the reporting period the Covid-19 pandemic has had a significant impact on the Club's business, reducing opportunity to generate revenue and profit in the reported period. The main areas affected include all matchday revenue as well as a significant proportion of its non-matchday operations including Retail stores and the Tour and Museum centre.

During the period, the Club has continually reviewed costs incurred, and prioritised the job security of all staff from its casual workforce to employees on fixed term and permanent contracts.

The Directors of the business continue to meet regularly to agree upon preventative measures to ensure the health and safety of all stakeholders. The Directors continue to monitor the financial projections of the Club on a regular basis, taking a proactive approach to short and long-term financial planning based on a range of possible scenarios. As the pandemic continues the business continues to monitor government guidance and practices to make the business as safe as possible but the Directors anticipate the Club's business will still be impacted through the coming season.

The Directors have considered and accounted for all costs attributable with its intended participation and subsequent withdrawal from the European Super League, this also includes the owner's commitment as at the year end to fund all current and any future costs attributable to the club's involvement.

*Profit and Loss Account*

Turnover for the year ended 31 May 2021 was £487.4 million *(2020: £489.9 million).*

Media revenue for the year ended 31 May 2021 was £266.1 million *(2020: £201.6 million).* The increase in revenue related to the impact of the Premier League extending the 19/20 season to finish in July 2020 as a result of the global Covid-19 pandemic.

# Group Strategic report *(continued)*

**Review of the business** *(continued)*

Match day revenue for the year ended 31 May 2021 was £3.6 million *(2020: £70.9 million)*. The decrease in matchday revenue was due to the impact of the global Covid-19 pandemic and the impact on attendances at games during this period.

Commercial revenue for the year ended 31 May 2021 was £217.6 million *(2020: £217.4 million)*. Although there was an impact to Commercial revenue during the period to its non-matchday operations such as Retail Stores and Tour and Museum Centre as a result of the global Covid-19 pandemic there was still strong growth in Sponsorship and Royalties during this period.

Administrative expenses for the year ended 31 May 2021 were £476.2 million *(2020: £496.9 million)*. The decrease mainly related to lower salary and overhead costs during the period.

The profit on the disposal of player registrations for the year ended 31 May 2021 was £39.3 million *(2020: £26.9 million)*.

Interest payable for the year ended 31 May 2021 was £4.3 million *(2020: £3.7 million)*.

The loss before taxation for the year ended 31 May 2021 was £4.8 million *(2020: £46.3 million)*.

*Balance Sheet*

Intangible fixed assets have increased from £290.2 million at 31 May 2020 to £314.3 million at 31 May 2021. This is mainly as a result of player acquisitions of £136.1 million offset by the net book value of disposals of £3.6 million and amortisation/impairment of £108.2 million.

There has been a decrease in other intangible assets of £0.2 million in relation to the amortisation of goodwill.

Tangible fixed assets have increased from £216.8 million at 31 May 2020 to £218.4 million at 31 May 2021. The main element of this increase related to the build of the new Training Ground Facility in Kirkby which was officially opened in November 2020

Net bank debt after deferred loan costs has increased by £47.6 million from £47.7 million at 31 May 2020 to £95.3 million at 31 May 2021.

Intercompany debt has remained the same with £71.4 million at 31 May 2020 and also at 31 May 2021.

# Group Strategic report *(continued)*

**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

**Principal risks and uncertainties**

The Board acknowledges there are risks that affect the Group and action is taken to minimise the risks. These risks include the current Covid-19 pandemic. 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 Group's exposure to liquidity and cash flow risk, currency risk and credit risk is given in note 19 of the financial statements.

**Directors' statement of responsibilities under section 172 Companies Act 2006**

The Directors understand their duty to promote the success of the Group for the benefits of its members while considering the Group's long-term decisions and the impacts on, and views of, the wider stakeholder groups. The main stakeholders of the business include fans, employees, sponsors, suppliers, lenders, football authorities and owners. For the Group success means the performance of the team on the pitch and the long-term increase in the value of the Group stakeholders whilst also having regard to a number of broader factors, including the impact of the Group's operations on the community and the environment and the likely consequences of decisions in the long term.

The Directors continue to consider each of the sub-sections of s.172 during the year:

- The likely consequences of any decision in the long-term
- The need to foster the Group's relationships with supporters, suppliers, customers, and others
- The impact of the Group's operations on the community and environment
- The desirability of the Group maintaining a reputation for high standards of business conduct
- The need to act fairly between members of the Group
- The interest of the Group's employees

## Group Strategic report *(continued)*

**Directors' statement of responsibilities under section 172 Companies Act 2006 (continued)**

The Directors understand that the strength of the business is built on the hard work and dedication of all its employees, with the Club providing an environment where opportunities exist for employees to realise their potential in a working environment where they can succeed. Reds Together is the Club's approach to Equality, Diversity & Inclusion. The Club aims to be the most inclusive football club – providing fair opportunities to as many different people as possible, being welcoming and meeting their needs as best it can in employment, watching the game, playing the game and supporting the team.

The Club always has and continues to enjoy a unique relationship with its loyal and dedicated supporter base. It recognises and respects the invaluable contribution made by each and every supporter to the ongoing success and longevity of the Club. As such, Liverpool Football Club endeavours to be open and accessible to its supporters, communicating information via the appropriate channels in a clear and effective manner.

The Club has a constructive and cooperative relationship with the regulatory bodies that authorise and regulate its business activities which allows the Club to maintain a reputation for high standards of business conduct.

The Club is dedicated to being a good neighbour. Whether that is engaging people in Liverpool FC's local or global communities, the Club is committed to supporting fans, schools, community organisations and grassroots football to inspire positive and lasting change in people's lives.

By order of the board

**Andrew Hughes**
*Director*

Anfield Road
Liverpool
L4 0TH

# Group Directors' report

The directors present their directors' report and financial statements of The Liverpool Football Club and Athletic Grounds Limited (the "Company") and its subsidiaries (together "the Group") for the year ended 31 May 2021.

**Results and dividend**

The Consolidated Group Profit and Loss Account on page 13 shows a loss before taxation for the year of £4.8 million (*2020: £46.3 million loss*). The directors do not recommend the payment of a dividend (*2020: nil*).

**Directors**

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

J Henry
T Werner
M Gordon
P Moore (resigned 31 August 2020)
M Egan
K Dalglish
A Hughes
W Hogan (appointed 1 September 2020)

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

**Going concern**

The Group made a loss for the year of £9.5m (2020: £39.4m), largely as a result of government-imposed restrictions on fan attendance at matches and has net current liabilities of £114.7m (2020: £72.7m).

In determining whether the Group's annual financial statements can be prepared on a going concern basis and whether there is a material uncertainty with respect to going concern, the Directors have considered the Group's business activities, together with the factors likely to affect its future development, performance and position for a period to 30 September 2022. The review also includes the financial position of the Company and the wider Group that the Company is part of, their short term and long-term cash flows, liquidity position and borrowing facilities

The key factors considered by the directors in making the assessment of going concern were as follows:

- The implications of changes to the economic environment on the Company's revenues and profits. The expectation that the club will complete the 2021/22 Premier League and UEFA Champions League as planned even if there is a further resurgence of the COVID pandemic, taking into account the infrastructure and protocols which are now in place including regular testing of players and coaching staff.
- Assuming full stadium attendance during the going concern assessment period and therefore the ability to generate matchday income as well as prudent assumptions in respect of the expected success of the club in the various competitions that it will compete in during the coming season, including the Premier League and the UEFA Champions League.
- Cash flows in respect of transfers of players based on the underlying contractual terms.
- The £200.0 million Revolving loan facility, refinanced on 31 January 2020, for a term of five years that is available for general corporate purposes including working capital and letters of credit.
- Confirmation the Group's Parent does not intend to call the parent loan undertaking for payment in the next 12 months unless the Group has sufficient resources to enable repayment.

# Group Directors' report *(continued)*

**Going concern (continued)**

In a severe downside scenario whereby football stadiums are required to close or reduce capacity for a prolonged period, then whilst the Group would remain within its liquidity limits, there is a possibility of the EBITDA covenant being breached. The Directors believe that the banks would continue to support the Group with covenant flexibility as they have done in the last 18 months during previous lockdown periods. Given the removal of all Covid restrictions in all parts of the UK and all sectors and the UK Government's stance that we must learn to live with the virus and focus on economic recovery and success of the vaccine rollout, the Directors consider the possibility of a combination of enforced restrictions on fan attendance and a subsequent lack of flexibility from banks leading to a going concern risk is remote.

*Conclusion*

The Directors have reviewed the financial forecasts and sensitivities of the Group and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the period to 30 September 2022. As a result, the Directors continue to adopt the going concern basis in preparing these consolidated financial statements and have concluded that there is not a material uncertainty in respect of going concern. In making this assessment, consideration has been given to the current and future expected trading performance; the Group's current and forecast liquidity position; the Covid-19 situation and success of the UK vaccination programme; the support received to date from our lenders; and the mitigating actions that can be deployed in the event of reasonable downside scenarios.

**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 Group endeavours to keep staff at all levels informed of matters that affect the progress of the Group and are of interest to them as employees.

The Group 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 Group become disabled whilst in employment, every step, where appropriate, will be taken to assist with rehabilitation and suitable re-training. The Group 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 Group is responsible for the needs of the employees and the environment.

**Streamlined Energy & Carbon Report (SECR)**

The Group has been pro-active during the season in progressing towards its ambitious energy efficiency and carbon reduction targets. The primary development has been the adoption of the ISO:50001 standard by the club which has now been independently verified. This standard provides an Energy Management System through which we have monitored our energy usage during the season. The ISO:50001 standard and associated systems have underpinned our Carbon Management Plan. The Group is now carbon neutral which has been verified in accordance with BSI's PAS2060. Through the Reds Going Green scheme, the Group has used its ESOS data and additional surveys to identify further potential savings. Through this work, the Group has formalised its commitment to energy efficiency and look forward to progressing this in the next financial period. The current intensity ratio for the reporting period was 6.2 (2020: 7.4). This is comprised of all emissions associated with the operating activities of the Group, divided by turnover.

## Group Directors' report *(continued)*

**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 Group'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 Group's auditor is aware of that information.

**Auditor**

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst and Young 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 strategic report, director's 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 state of affairs of the Group and parent company and of the profit or loss for the Group and company for that period. In preparing each of the Group and parent 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 Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent 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 Group and to prevent and detect fraud and other irregularities.

# Independent auditor's report to the members of The Liverpool Football Club and Athletic Grounds Limited

### Opinion

We have audited the financial statements of The Liverpool Football Club and Athletic Grounds Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 May 2021 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash flows and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 May 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period up to 30 September 2022 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

# Independent auditor's report to the members of The Liverpool Football Club and Athletic Grounds Limited *(continued)*

**Other information (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# Independent auditor's report to the members of The Liverpool Football Club and Athletic Grounds Limited *(continued)*

**Auditor's responsibilities for the audit of the financial statements (continued)**

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

• We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply the regulations of the Premier League and UEFA, along with laws and regulations relating to the Proceeds of Crime Act 2002, Money Laundering Regulations 2003, Bribery Act 2010 and GDPR 2016.

• We understood how The Liverpool Football Club and Athletic Grounds Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures, including internal legal counsel. We corroborated our enquiries through reading the minutes of board meetings and reviewing correspondence with authorities and external legal counsel.

• We understood the consequences of the planned participation and subsequent withdrawal from the European Super League as disclosed in the Strategic Report through review of relevant correspondence and inquiry of management.

• We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management in various parts of the business to understand where they considered there was susceptibility to fraud. We considered the risk of management override to be a fraud risk, specifically around the posting of manual journals to revenue around the period end.

• Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journal entries which met specific risk criteria set by the audit team.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Independent auditor's report to the members of The Liverpool Football Club and Athletic Grounds Limited *(continued)*

**Use of our report**

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.

Ernst & Young LLP

**Andy Williams (Senior Statutory Auditor)**
**for and on behalf of Ernst & Young LLP, Statutory Auditor**
**Liverpool**
Date: 29 September 2021

## Consolidated Profit and Loss Account and Other Comprehensive Income
***for the year ended 31 May 2021***

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | **£000** | £000 |
| **Turnover** | 2 | **487,365** | 489,860 |
| Cost of sales | | **(51,599)** | (63,233) |
| **Gross profit** | | **435,766** | 426,627 |
| Administrative expenses | 3 | **(476,156)** | (496,872) |
| **Operating loss** | | **(40,390)** | (70,245) |
| Profit on disposal of players' registrations | | **39,340** | 26,915 |
| Interest receivable and similar income | 6 | **547** | 710 |
| Interest payable and similar charges | 7 | **(4,259)** | (3,697) |
| **Loss on ordinary activities before taxation** | | **(4,762)** | (46,317) |
| Tax on loss on ordinary activities | 8 | **(4,773)** | 6,865 |
| **Loss for the financial year** | | **(9,535)** | (39,452) |
| **Total comprehensive loss for the year attributable to the shareholders of the parent company** | | **(9,535)** | (39,452) |

The activities represent the continuing activities of the Group.

The notes on pages 19 to 37 form part of the financial statements.

# Consolidated Balance Sheet
***at 31 May 2021***

| | *Note* | **2021 £000** | **2021 £000** | 2020 £000 | 2020 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | *9* | | **314,320** | | 290,249 |
| Tangible assets | *10* | | **218,449** | | 216,792 |
| | | | **532,769** | | 507,041 |
| **Current assets** | | | | | |
| Stocks | | **20,191** | | 8,590 | |
| Debtors (including £19.9 million *(2020: £16.6 million)* due after more than one year) | *12* | **108,946** | | 84,047 | |
| Cash at bank and in hand | | **31,535** | | 149,293 | |
| | | **160,672** | | 241,930 | |
| **Creditors:** amounts falling due within one year | *13* | **(275,331)** | | (314,663) | |
| **Net current liabilities** | | | **(114,659)** | | (72,733) |
| **Total assets less current liabilities** | | | **418,110** | | 434,308 |
| **Creditors:** amounts falling due after more than one year | *14* | | **(200,038)** | | (208,316) |
| **Provisions for liabilities** | | | | | |
| Deferred tax | *16* | | **(18,832)** | | (17,217) |
| **Net assets** | | | **199,240** | | 208,775 |
| **Capital and reserves** | | | | | |
| Called up share capital | *18* | | **174** | | 174 |
| Share premium account | | | **101,847** | | 101,847 |
| Capital contribution reserve | | | **107,704** | | 107,704 |
| Retained losses | | | **(10,485)** | | (950) |
| **Shareholders' funds** | | | **199,240** | | 208,775 |

The notes on pages 19 to 37 form part of the financial statements.

These financial statements were approved by the board of directors on 24th September 2021 and were signed on its behalf by:

**Andrew Hughes**
*Director*

Company registered number: 00035668

# Company Balance Sheet
***at 31 May 2021***

| | *Note* | **2021** | **2021** | 2020 | 2020 |
|---|---|---|---|---|---|
| | | **£000** | **£000** | £000 | £000 |
| **Fixed assets** | | | | | |
| Intangible assets | *9* | | **314,309** | | 290,238 |
| Tangible assets | *10* | | **218,114** | | 216,452 |
| Investments | *11* | | **15,890** | | 15,890 |
| | | | **548,313** | | 522,580 |
| **Current assets** | | | | | |
| Stocks | | **20,191** | | 8,590 | |
| Debtors (including £19.9 million *(2020: £16.6 million)* due after more than one year) | *12* | **112,120** | | 86,609 | |
| Cash at bank and in hand | | **31,421** | | 149,276 | |
| | | **163,732** | | 244,475 | |
| **Creditors:** amounts falling due within one year | *13* | **(274,991)** | | (314,353) | |
| **Net current liabilities** | | | **(111,259)** | | (69,878) |
| **Total assets less current liabilities** | | | **437,054** | | 452,702 |
| **Creditors:** amounts falling due after more than one year | *14* | | **(220,039)** | | (228,317) |
| **Provisions for liabilities** | | | | | |
| Deferred tax | *16* | | **(18,832)** | | (17,217) |
| **Net assets** | | | **198,183** | | 207,168 |
| **Capital and reserves** | | | | | |
| Called up share capital | *18* | | **174** | | 174 |
| Share premium account | | | **101,847** | | 101,847 |
| Capital contribution reserve | | | **107,704** | | 107,704 |
| Retained losses | | | **(11,542)** | | (2,557) |
| **Shareholders' funds** | | | **198,183** | | 207,168 |

The Company made a loss after tax for the financial year of £9.0 million (2020: £38.8 million loss).

The notes on pages 19 to 37 form part of the financial statements.

These financial statements were approved by the board of directors on 24th September 2021 and were signed on its behalf by:

**Andrew Hughes**
*Director*

Company registered number: 00035668

# Consolidated Statement of Changes in Equity

| | Called up share capital £000 | Share premium account £000 | Capital contribution reserve £000 | Retained earnings / (losses) £000 | Total equity £000 |
|---|---|---|---|---|---|
| Balance at 1 June 2019 | 174 | 101,847 | 107,704 | 38,502 | 248,227 |
| **Total comprehensive loss for the period** | | | | | |
| Loss for the period | - | - | - | (39,452) | (39,452) |
| Total comprehensive loss for the period | - | - | - | (39,452) | (39,452) |
| **Balance at 31 May 2020** | 174 | 101,847 | 107,704 | (950) | 208,775 |
| **Total comprehensive loss for the period** | | | | | |
| Loss for the period | - | - | - | (9,535) | (9,535) |
| Total comprehensive loss for the period | - | - | - | (9,535) | (9,535) |
| **Balance at 31 May 2021** | **174** | **101,847** | **107,704** | **(10,485)** | **199,240** |

The notes on pages 19 to 37 form part of the financial statements.

# Company Statement of Changes in Equity

| | Called up share capital £000 | Share premium account £000 | Capital contribution reserve £000 | Retained earnings / (losses) £000 | Total equity £000 |
|---|---|---|---|---|---|
| Balance at 1 June 2019 | 174 | 101,847 | 107,704 | 36,259 | 245,984 |
| **Total comprehensive loss for the period** | | | | | |
| Loss for the period | - | - | - | (38,816) | (38,816) |
| Total comprehensive loss for the period | - | - | - | (38,816) | (38,816) |
| **Balance at 31 May 2020** | 174 | 101,847 | 107,704 | (2,557) | 207,168 |
| **Total comprehensive loss for the period** | | | | | |
| Loss for the period | - | - | - | (8,985) | (8,985) |
| Total comprehensive loss for the period | - | - | - | (8,985) | (8,985) |
| **Balance at 31 May 2021** | **174** | **101,847** | **107,704** | **(11,542)** | **198,183** |

The notes on pages 19 to 37 form part of the financial statements.

# Consolidated Statement of Cash Flows

***For the year ended 31 May 2021***

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Operating loss for the year | **(40,390)** | (70,245) |
| *Adjustments for:* | | |
| Depreciation, amortisation and impairment | **117,393** | 115,983 |
| Loss/ (profit) on sale of tangible fixed assets | **171** | (4,031) |
| Transfer of deferred credits to Profit and Loss Account | **(2)** | (87) |
| (Increase)/ decrease in trade and other debtors | **(17,849)** | 40,723 |
| (Increase)/ decrease in stocks | **(11,600)** | 3,992 |
| (Decrease)/ increase in trade and other creditors | **(24,589)** | 7,433 |
| **Cash flows from operations** | **23,134** | 93,768 |
| Interest received | **26** | 167 |
| Interest paid | **(3,371)** | (2,000) |
| **Net cash from operating activities** | **19,789** | 91,935 |
| **Cash flows from investing activities** | | |
| Proceeds from sale of tangible fixed assets | **-** | 9,700 |
| Acquisition of tangible fixed assets | **(11,549)** | (39,360) |
| Proceeds from sale of player registrations | **34,540** | 32,005 |
| Acquisition of player registrations | **(90,168)** | (121,528) |
| **Net cash used in investing activities** | **(67,177)** | (119,183) |
| **Cash flows from financing activities** | | |
| Cash (outflow)/ inflow from change in borrowings – bank loans | **(70,370)** | 146,916 |
| Cash outflow from change in intercompany debt | **-** | (7,900) |
| **Proceeds used/ from in financing activities** | **(70,370)** | 139,016 |
| Net (decrease)/ increase in cash and cash equivalents | **(117,758)** | 111,768 |
| Cash and cash equivalents at 1 June | **149,293** | 37,525 |
| **Cash and cash equivalents at 31 May** | **31,535** | 149,293 |

The notes on pages 19 to 37 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 Group and parent 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 presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 June 2014 have not been restated.
- 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 Group and Company continued to account for lease incentives under previous UK GAAP.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Statement of Cash Flows with related notes is included; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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 management, 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*

In determining whether the Group's annual financial statements can be prepared on a going concern basis and whether there is a material uncertainty with respect to going concern, the Directors have considered the Group's business activities, together with the factors likely to affect its future development, performance and position for a period to 30 September 2022. The review also includes the financial position of the Company and the wider Group that the Company is part of, their short term and long-term cash flows, liquidity position and borrowing facilities.

The key factors considered by the directors in making the assessment of going concern were as follows:

- The implications of changes to the economic environment on the Company's revenues and profits. The expectation that the club will complete the 2021/22 Premier League and UEFA Champions League as planned even if there is a further resurgence of the COVID pandemic, taking into account the infrastructure and protocols which are now in place including regular testing of players and coaching staff.
- Assuming full stadium attendance during the going concern assessment period and therefore the ability to generate matchday income as well as prudent assumptions in respect of the expected success of the club in the various competitions that it will compete in during the coming season, including the Premier League and the UEFA Champions League.

# Notes *(continued)*

**Accounting policies** *(continued)*

### *1.2 Going concern (continued)*

- Cash flows in respect of transfers of players based on the underlying contractual terms.
- The £200.0 million Revolving loan facility, refinanced on 31 January 2020, for a term of five years that is available for general corporate purposes including working capital and letters of credit.
- Confirmation the Group's Parent does not intend to call the parent loan undertaking for payment in the next 12 months unless the Group has sufficient resources to enable repayment.

In a severe downside scenario whereby football stadiums are required to close or reduce capacity for a prolonged period, then whilst the Group would remain within its liquidity limits, there is a possibility of the EBITDA covenant being breached. The Directors believe that the banks would continue to support the Group with covenant flexibility as they have done in the last 18 months during previous lockdown periods. Given the removal of all Covid restrictions in all parts of the UK and all sectors and the UK Government's stance that we must learn to live with the virus and focus on economic recovery and success of the vaccine rollout, the Directors consider the possibility of a combination of enforced restrictions on fan attendance and a subsequent lack of flexibility from banks leading to a going concern risk is remote.

*Conclusion*

The Directors have reviewed the financial forecasts and sensitivities of the Group and have a reasonable expectation that the Group has adequate resources to continue in operational existence for period to 30 September 2022. As a result, the Directors continue to adopt the going concern basis in preparing these consolidated financial statements and have concluded that there is not a material uncertainty in respect of going concern. In making this assessment, consideration has been given to the current and future expected trading performance; the Group's current and forecast liquidity position; the Covid-19 situation and success of the UK vaccination programme; the support received to date from our lenders; and the mitigating actions that can be deployed in the event of reasonable downside scenarios.

### *1.3 Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 May 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated Profit and Loss Account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own Profit and Loss Account.

### *1.4 Foreign currency*

Transactions in foreign currencies are translated to the Group 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.

### *1.5 Turnover*

Turnover represents income receivable from the Group'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.

# Notes *(continued)*

**Accounting policies** *(continued)*

### *1.5 Turnover (continued)*

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 Group to customers, excluding value added tax. Mail order sales are recognised on delivery to the customer.

### *1.6 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 on loan and overdraft, notional interest expense on deferred payments for player registrations, 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.

Interest receivable and similar income include interest receivable on cash held at bank, notional interest on deferred receipts for sale of players' registrations and net foreign exchange gains.

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

### *1.7 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.

### *1.8 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.

# Notes *(continued)*

**Accounting policies** *(continued)*

***1.8 Taxation (continued)***

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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

***1.9 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.

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 Group expects to consume an asset's future economic benefits.

The carrying amounts of the Group'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 in the Profit and Loss Account whenever the carrying amount of an asset exceeds its recoverable amount.

***1.10 Intangible assets and 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 marketplace and long-term financial forecasts. The Group 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

# Notes *(continued)*

**Accounting policies** *(continued)*

***1.10 Intangible assets and goodwill (continued)***

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.

***1.11 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.

***1.12 Classification of financial instruments issued by the Group***

The Group 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 Group 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 recognised in other comprehensive income. Any ineffective portion of the hedge is recognised in the Profit and Loss Account.

The Group 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.

***1.13 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 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 Group's cash management are included as a component of cash and cash equivalents for the purpose only of the Consolidated Statement of Cash Flows.

# Notes *(continued)*

**Accounting policies** *(continued)*

### *1.14 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 or Loss Account except as hedging instruments in a designated hedging relationship shall be recognised as set out below.

*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 or 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 or 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 and 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.

### *1.15 Pensions*

The Group 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.

The Group 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 Group 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 Group 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.

### *1.16 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.

# Notes *(continued)*

## 2 Turnover

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| By activity: | | |
| Media | **266,147** | 201,585 |
| Commercial | **217,582** | 217,421 |
| Match day | **3,636** | 70,854 |
| | **487,365** | 489,860 |

| | 2021 | 2020 |
|---|---|---|
| By geographical market: | | |
| United Kingdom | **463,067** | 464,153 |
| EU | **8,569** | 7,328 |
| Rest of the World | **15,729** | 18,379 |
| | **487,365** | 489,860 |

## 3 Administrative expenses

*Included in administrative expenses are the following:*

| | 2021 | 2020 |
|---|---|---|
| | £000 | £000 |
| Amortisation of players' registrations | **107,811** | 106,034 |
| Impairment loss on player registrations | **461** | - |
| Depreciation of tangible fixed assets | **8,910** | 8,677 |
| Operating lease rentals | **2,846** | 2,590 |
| Amortisation of goodwill | **211** | 1,272 |
| Auditors remuneration | **75** | 75 |
| Non-audit fees | **21** | 42 |
| Loss/ (profit) on disposal of tangible fixed assets | **171** | (4,031) |

# Notes *(continued)*

## 4 Staff numbers and costs

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

| | Number of employees 2021 | 2020 |
|---|---|---|
| Administration, commercial and other | **686** | 620 |
| Players, managers and coaches | **218** | 203 |
| Ground and maintenance staff | **60** | 57 |
| | **964** | 880 |

Full-time employees are those employed for more than 20 hours per week. In addition, the Group engaged on match days and non-match days an average of 945 part-time temporary staff *(2020: 1,955)*.

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Aggregate amounts for both staff and directors charged in respect of: | | |
| Wages and salaries | **277,808** | 289,341 |
| Social security costs | **32,708** | 34,076 |
| Pension costs | **3,838** | 2,155 |
| | **314,354** | 325,572 |

## 5 Directors' remuneration

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Directors' remuneration | **3,133** | 2,158 |
| Group contributions to money purchase pension plans | **7** | 9 |
| | **3,140** | 2,167 |

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Highest paid director's remuneration: | | |
| Remuneration | **1,664** | 1,306 |
| | **1,664** | 1,306 |

| | Number of directors 2021 | 2020 |
|---|---|---|
| Retirement benefits are accruing to the following number of directors under: | | |
| Money purchase pension plans | **1** | 1 |

# Notes *(continued)*

## 6 Interest receivable and similar income

| | **2021** | 2020 |
|---|---|---|
| | **£000** | £000 |
| Notional interest on deferred receipts for sale of players' registrations | **522** | 543 |
| Bank interest | **25** | 167 |
| Total interest receivable and similar income | **547** | 710 |

## 7 Interest payable and similar charges

| | **2021** | 2020 |
|---|---|---|
| | **£000** | £000 |
| Notional interest expense on deferred payments for players' registrations | **584** | 1,162 |
| On loan and overdrafts | **3,367** | 1,880 |
| Other finance costs | **308** | 655 |
| Total interest payable and similar charges | **4,259** | 3,697 |

## 8 Taxation

*Total tax expense/ (credit) recognised in the Profit and Loss Account and Other Comprehensive Income*

| | **2021** | 2020 |
|---|---|---|
| | **£000** | £000 |
| *Current tax* | | |
| Current tax on loss/ income for the period | **405** | 44 |
| Adjustments in respect of prior periods | **2,754** | (4,592) |
| Total current tax | **3,159** | (4,548) |
| *Deferred tax (see note 16)* | | |
| Origination and reversal of timing differences | **788** | (3,152) |
| Adjustments in respect of prior periods | **(2,747)** | (1,463) |
| Change in tax rate | **3,573** | 2,298 |
| Total deferred tax | **1,614** | (2,317) |
| Total tax | **4,773** | (6,865) |

# Notes *(continued)*

## 8 Taxation *(continued)*

*Analysis of current tax recognised in the Profit and Loss Account*

| | 2021 £000 | 2020 £000 |
|---|---|---|
| UK corporation tax | **3,156** | (2,816) |
| Double taxation relief | **(16)** | (5) |
| Foreign tax | **19** | (1,727) |
| Total current tax recognised in the Profit and Loss Account | **3,159** | (4,548) |

### Reconciliation of effective tax rate

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Loss for the year | **(9,535)** | (39,452) |
| Total tax expense/ (credit) | **4,773** | (6,865) |
| Loss excluding taxation | **(4,762)** | (46,317) |
| Tax using the UK corporation tax rate of 19.0% *(2020: 19.0%)* | **(905)** | (8,800) |
| Non-deductible expenses | **1,328** | 603 |
| Tax losses for which no deferred tax asset is recognised | **776** | 1 |
| Effect of tax rates on foreign jurisdictions | **2** | 39 |
| Increase in tax rate on deferred tax balances | **3,573** | 2,298 |
| Group relief | **(3)** | (1) |
| Foreign income exempt from UK tax | **(5)** | - |
| Under/ (over) provided in prior years | **7** | (1,005) |
| Total tax expense/ (credit) included in Profit and Loss Account | **4,773** | (6,865) |

The UK corporation tax rate of 19% (effective 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. On 11 March 2020 the Chancellor of the Exchequer announced that effective 1 April 2020 the rate of UK corporation tax would remain at 19% and this was substantively enacted on 17 March 2020.

A further announcement was made on 3 March 2021 increasing the UK corporation tax rate to 25% from 1 April 2023, this was substantively enacted on 24 May 2021. The deferred tax liability is expected to be partially realised before 1 April 2023 and therefore the deferred tax liability at 31 May 2021 has been recognised at a hybrid rate of 23.45%.

# Notes *(continued)*

## 9 Intangible assets and goodwill

| **Group** | **Goodwill £000** | **Players' registrations £000** | **Total £000** |
|---|---|---|---|
| **Cost** | | | |
| Balance at 1 June 2020 | 13,994 | 634,089 | 648,083 |
| Additions | - | 136,111 | 136,111 |
| Disposals | - | (61,312) | (61,312) |
| **Balance at 31 May 2021** | **13,994** | **708,888** | **722,882** |
| **Amortisation and impairment** | | | |
| Balance at 1 June 2020 | 13,783 | 344,051 | 357,834 |
| Amortisation for the year | 211 | 107,811 | 108,022 |
| Impairment | - | 461 | 461 |
| Disposals | - | (57,755) | (57,755) |
| **Balance at 31 May 2021** | **13,994** | **394,568** | **408,562** |
| **Net book value** | | | |
| At 1 June 2020 | 211 | 290,038 | 290,249 |
| **At 31 May 2021** | **-** | **314,320** | **314,320** |

Included within intangible assets and goodwill is £12,000 (2020: £11,000) relating to subsidiary undertakings of the Company.

## 10 Tangible fixed assets

| **Group** | **Freehold Land and buildings £000** | **Long leasehold £000** | **Stands, fixtures, fittings and equipment £000** | **Motor vehicles £000** | **Assets under construction £000** | **Total £000** |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at 1 June 2020 | 26,465 | 3 | 222,155 | 240 | 54,824 | 303,687 |
| Additions | - | - | 8,064 | 44 | 2,632 | 10,740 |
| Disposals | - | - | (322) | - | - | (322) |
| Transfers | - | - | 51,219 | - | (51,219) | - |
| **Balance at 31 May 2021** | **26,465** | **3** | **281,116** | **284** | **6,237** | **314,105** |
| **Depreciation and impairment** | | | | | | |
| Balance at 1 June 2020 | 14,420 | - | 72,312 | 163 | - | 86,895 |
| Depreciation charge for the year | 265 | - | 8,608 | 37 | - | 8,910 |
| Disposals | - | - | (149) | - | - | (149) |
| **Balance at 31 May 2021** | **14,685** | **-** | **80,771** | **200** | **-** | **95,656** |
| **Net book value** | | | | | | |
| At 1 June 2020 | 12,045 | 3 | 149,843 | 77 | 54,824 | 216,792 |
| **At 31 May 2021** | **11,780** | **3** | **200,345** | **84** | **6,237** | **218,449** |

# Notes *(continued)*

## 10 Tangible fixed assets *(continued)*

Included within tangible fixed assets is £335,806 (2020: £339,368) relating to subsidiary undertakings of the Company.

## 11 Fixed asset investments

| | Shares in group undertakings £000 |
|---|---|
| ***Cost and net book value*** | |
| **At 1 June 2020 and 31 May 2021** | 15,890 |

The investment carrying value of £15.9 million in the Company 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 2021 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 Women's FC Limited * | 100 |
| LFC International Limited * | 1 |
| Anfield Arena Limited ϒ | 1 |
| LFC Financial Services Limited ϒ | 1,000 |
| LFC Leisure Limited ϒ | 100 |
| LFC Limited ϒ | 100 |
| LFC Properties Limited ϒ | 100 |
| LFC Services Limited ϒ | 1,000 |
| LFC Television Limited ϒ | 100 |
| LFC Travel Limited ϒ | 1,000 |
| LFC TV Limited ϒ | 100 |
| Liverpool FC Limited ϒ | 1,000 |
| Liverpoolfc.TV Limited ϒ | 1,000 |
| Liverpool Football Club Limited ϒ | 1,000 |
| Liverpool Limited ϒ | 1,000 |

* Operating company

ϒ Dormant company

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

### (b) Joint venture

The Group 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

| | Group 2021 £000 | 2020 £000 | Company 2021 £000 | 2020 £000 |
|---|---|---|---|---|
| Trade debtors | **88,167** | 73,077 | **88,167** | 72,951 |
| Amounts owed by Group undertakings | **10,931** | 573 | **14,298** | 3,395 |
| Corporation tax | **-** | 1,140 | **-** | 1,140 |
| Other debtors | **2,005** | 2,644 | **1,846** | 2,644 |
| Prepayments and accrued income | **7,843** | 6,613 | **7,809** | 6,479 |
| | **108,946** | 84,047 | **112,120** | 86,609 |
| Due within one year | **89,008** | 67,449 | **92,128** | 70,011 |
| Due after more than one year | **19,938** | 16,598 | **19,938** | 16,598 |
| | **108,946** | 84,047 | **112,120** | 86,609 |

The increase of £10.4m in amounts owed by group undertaking at 31 May 2021 represents an intercompany debtor with UKSV I, LLC for agreed recharge of costs incurred by the Club.

## 13 Creditors: amounts falling due within one year

| | Group 2021 £000 | 2020 £000 | Company 2021 £000 | 2020 £000 |
|---|---|---|---|---|
| Trade creditors | **61,173** | 74,454 | **61,139** | 74,424 |
| Amounts owed to parent | **71,400** | 71,400 | **71,400** | 71,400 |
| Taxation and social security | **35,347** | 51,501 | **35,298** | 51,436 |
| Corporation tax | **625** | - | **607** | - |
| Other creditors | **3,229** | 14,084 | **3,147** | 14,016 |
| Accruals | **54,588** | 55,635 | **54,435** | 55,543 |
| Deferred income | **48,969** | 47,589 | **48,965** | 47,534 |
| | **275,331** | 314,663 | **274,991** | 314,353 |

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

| | Group 2021 £000 | 2020 £000 | Company 2021 £000 | 2020 £000 |
|---|---|---|---|---|
| Bank loans and overdrafts (see note 15) | **126,859** | 196,981 | **126,859** | 196,981 |
| Trade creditors | **65,749** | 9,911 | **65,749** | 9,911 |
| Amounts owed to group undertakings | **-** | - | **20,001** | 20,001 |
| Other creditors | **7,430** | 1,424 | **7,430** | 1,424 |
| | **200,038** | 208,316 | **220,039** | 228,317 |

# Notes *(continued)*

## 15 Interest-bearing loans and borrowings

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

| | Group 2021 £000 | 2020 £000 | Company 2021 £000 | 2020 £000 |
|---|---|---|---|---|
| **Creditors falling due within one year** | | | | |
| Intercompany loan | **71,400** | 71,400 | **71,400** | 71,400 |
| | **71,400** | 71,400 | **71,400** | 71,400 |
| **Creditors falling due more than one year** | | | | |
| Secured bank loans | **128,000** | 198,000 | **128,000** | 198,000 |
| Less: deferred loan costs | **(1,141)** | (1,019) | **(1,141)** | (1,019) |
| | **126,859** | 196,981 | **126,859** | 196,981 |

*Terms and debt repayment schedule*

| **Group and Company** | **Nominal interest rate** | **Year of maturity** | **Repayment schedule** | **2021 £000** | 2020 £000 |
|---|---|---|---|---|---|
| Secured bank loan | 2.04% | 2025 | Revolver | **128,000** | - |
| Secured bank loan | 1.21% | 2022 | Revolver | **-** | 198,000 |
| Intercompany loan – stadium loan | Interest free | N/A | On demand | **71,400** | 71,400 |
| | | | | **199,400** | 269,400 |

On 31 January 2020, the company and its holding company, UKSV Holdings Company Limited, refinanced its credit facility which was due to mature in September 2020. This provided £200.0 million of facilities for a term of five years and is available for general corporate purposes including working capital and letters of credit.

The £71.4 million (*2020: £71.4 million*) due to group undertaking at 31 May 2021 represented an intercompany creditor with UKSV I, LLC. This intercompany loan has been provided to fund the stadium expansion work and is interest-free.

# Notes *(continued)*

## 16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are summarised as follows:

| Group | Assets 2021 £000 | 2020 £000 | Liabilities 2021 £000 | 2020 £000 | Net 2021 £000 | 2020 £000 |
|---|---|---|---|---|---|---|
| Accelerated capital allowances | **-** | - | **6,567** | 5,459 | **6,567** | 5,459 |
| Intangible asset timing differences | **-** | - | **27,508** | 23,013 | **27,508** | 23,013 |
| Employee benefits | **(2,085)** | (1,362) | **0** | 0 | **(2,085)** | (1,362) |
| Unused tax losses | **(141)** | (48) | **0** | 0 | **(141)** | (48) |
| Other | **(13,017)** | (9,845) | **0** | 0 | **(13,017)** | (9,845) |
| Total | **(15,243)** | (11,255) | **34,075** | 28,472 | **18,832** | 17,217 |

There is an unprovided deferred tax asset of £1.0 million (2020: £0.1 million) in respect of tax losses carried forward.

The Group has total gross tax losses of £59.9 million (2020: £51.8 million). A deferred tax asset has been recognised on £55.5 million of these losses (2020: £51.8 million).

## 17 Employee benefits

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £3.8 million *(2020: £2.2 million).*

## 18 Capital and reserves

### Share capital

| Group and Company | Ordinary shares 2021 | Ordinary shares 2020 |
|---|---|---|
| On issue at 1 June | **34,825** | 34,825 |
| On issue at 31 May – fully paid | **34,825** | 34,825 |

| | 2021 £000 | 2020 £000 |
|---|---|---|
| ***Allotted, called up and fully paid*** | | |
| 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:

| **Group Financial Assets** | **Financial Assets** | **Non-financial Assets** | **Total Assets** | Financial Assets | Non-financial Assets | Total Assets |
|---|---|---|---|---|---|---|
| | **2021** | **2021** | **2021** | 2020 | 2020 | 2020 |
| | **£000** | **£000** | **£000** | £000 | £000 | £000 |
| At fair value through profit and loss: | | | | | | |
| Player receivables | **54,473** | **-** | **54,473** | 46,453 | - | 46,453 |
| At amortised cost: | | | | | | |
| Cash | **31,535** | **-** | **31,535** | 149,293 | - | 149,293 |
| Trade debtors (excluding player receivables) | **33,694** | **-** | **33,694** | 26,624 | - | 26,624 |
| Other receivables | **12,936** | **7,843** | **20,779** | 4,357 | 6,613 | 10,970 |
| Total Assets | **132,638** | **7,843** | **140,481** | 226,727 | 6,613 | 233,340 |

| **Group Financial Liabilities** | **Financial Liabilities** | **Non-financial Liabilities** | **Total Liabilities** | Financial Liabilities | Non-financial Liabilities | Total Liabilities |
|---|---|---|---|---|---|---|
| | **2021** | **2021** | **2021** | 2020 | 2020 | 2020 |
| | **£000** | **£000** | **£000** | £000 | £000 | £000 |
| At fair value through profit and loss: | | | | | | |
| Player creditors | **121,942** | **-** | **121,942** | 77,707 | - | 77,707 |
| Other financial liabilities (amortised): | | | | | | |
| Trade creditors and other payables (excluding player creditors) | **177,599** | **48,969** | **226,568** | 200,702 | 47,589 | 248,291 |
| Bank loans and overdrafts | **126,859** | **-** | **126,859** | 196,981 | - | 196,981 |
| Total Liabilities | **426,400** | **48,969** | **475,369** | 475,390 | 47,589 | 522,979 |

# 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 risk*

Where currencies other than sterling are used, the Group 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).

*Interest rate risk*

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

The Group's interest rate risk arises from its borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. The Group'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 Group. Credit risk is managed on a Group basis and arises from cash and cash equivalents and trade and other receivables (excluding receivables from parent undertakings and prepayments).

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 Group comprises the amounts presented in the balance sheet which are stated net of provisions for doubtful debts.

*Liquidity risk*

The Group's policy is to maintain a balance of continuity of funding and flexibility through the use of its 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. Responsibility for liquidity risk management rests with management. The management use predictive financial models to constantly monitor and manage current and future liquidity.

### *19 (c) Hedge accounting*

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.

# Notes *(continued)*

## 20 Operating leases

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

| | 2021 | 2020 |
|---|---|---|
| | **£000** | £000 |
| Less than one year | **1,988** | 1,947 |
| Between one and five years | **6,353** | 4,871 |
| More than five years | **2,105** | 2,203 |
| | **10,446** | 9,021 |

During the year £2.8 million was recognised as an expense in the Profit and Loss Account in respect of operating leases *(2020: £2.6 million)*.

## 21 Commitments

*Capital commitments*

Contractual commitments to purchase tangible fixed assets at the year-end were £1.3 million *(2020: £5.2 million)*.

## 22 Contingencies

Under the terms of certain contracts for the acquisition of players' registrations, future transfer fees may be payable of £23.8 million *(2020: £10.8 million)*. In addition, there are no amounts (*2020: £1.1 million*) of other contingent liabilities at the year end. In accordance with the Group'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 £1.8 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 2021 the maximum amount that could be received is £7.3 million *(2020: £9.6 million)*. Since the period end £1.4 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.

Transactions with key management personnel

Total compensation of key management personnel across the Group (including the directors) in the year amounted to £8.7 million (2020: £6.1 million).

## 24 Ultimate parent company and parent company of larger group

The ultimate parent Company and controlling party is Fenway Sports Group, LLC, a company incorporated in the United States of America.

The largest group in which the results of the Company are consolidated is that headed by Fenway Sports Group, 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.

# Notes *(continued)*

## 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 receivable resulting from this activity is £7.7 million. This activity will be accounted for in the year ending 31 May 2022.

The cumulative effect on the Profit and Loss Account since the period end in relation to the profit on sales of players is a £21.4 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.