

UKSV Holdings Company Limited

Annual report and financial statements

Registered number 07393872

For the year ended 31 May 2015

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Group strategic report

The directors present their strategic report and financial statements of UKSV Holdings Company Limited (the "Company") and its subsidiaries (together "the Group") for the year ended 31 May 2015.

Principal activities

The Company is a wholly owned subsidiary of UKSV I, LLC, a company incorporated in the United States of America.

The Company's principal activity during the year was as the holding company of The Liverpool Football Club and Athletic Grounds Limited.

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

Profit and Loss

Turnover for the year ended 31 May 2015 was £298.1 million (2014: £255.8 million).

Media revenue for the year ended 31 May 2015 was £122.8 million (2014: £101.0 million). The increase mainly related to the additional revenue from participating in the 2014/15 Champions League.

Match day revenue for the year ended 31 May 2015 was £59.0 million (2014: £51.0 million). This increase mainly related to additional ticketing and hospitality revenue from Champions League participation and also the impact of progressing to the semi-final stages of both domestic cup competitions.

Commercial revenue for the year ended 31 May 2015 was £116.4 million (2014: £103.8 million). This increase mainly related to additional sponsorship and merchandising revenue.

Administrative expenses before exceptional costs for the year ended 31 May 2015 were £271.9 million (2014: £227.5 million). This increase mainly relates to higher player salary and amortisation costs.

The profit on the disposal of player registrations for the year ended 31 May 2015 was £54.5 million (2014: £1.6 million loss).

Interest payable for the year ended 31 May 2015 was £3.6 million (2014: £4.6 million).

The profit before taxation for the year ended 31 May 2015 was £49.2 million (2014 loss: £7.4 million).

Group strategic report (continued)

Review of the business (continued)

Balance Sheet

Intangible fixed assets have increased from £168.2 million at 31 May 2014 to £215.8 million at 31 May 2015. The main element of this is the player registration movement from a net book value of £117.1 million at 31 May 2014 to £167.8 million at 31 May 2015. This is as a result of player acquisitions of £135.0 million offset by the net book value of disposals of £22.8 million and amortisation and impairment of £61.6 million.

There has been a decrease in intangible assets of £3.1 million in relation to the amortisation of goodwill.

Tangible fixed assets have increased from £69.6 million at 31 May 2014 to £100.6 million at 31 May 2015. This includes £30.0 million of stadium development costs.

Net bank debt has decreased by £11.9 million from £57.1 million at 31 May 2014 to £45.2 million at 31 May 2015.

Intercompany debt has increased from £61.3 million at 31 May 2014 to £115.3 million at 31 May 2015. This increase related to additional intercompany finance in respect of the Anfield Stadium expansion.

On the football pitch the Club finished sixth in the Premier League and as a result qualified for the group stage of the 2015/16 Europa League competition. The club also reached the semi-final stages of both domestic cup competitions during the period.

On 29 October 2014, the Company entered into a series of steps to convert the loan due from its subsidiary undertaking into equity. This involved the allotment of 2 ordinary shares of £5 each from The Liverpool Football Club and Athletic Grounds Limited. The consideration for the allotment and issue of these two shares was £69.0 million (comprising £10 in nominal value and £69.0 million in share premium).

Key performance indicators

The principal key performance indicators for 2015 were as follows:

Non-financial

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

Football success is the key driver of commercial success.

Financial

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

Group strategic report (*continued*)

Principal risks and uncertainties

The Board acknowledges there are risks that affect the Club and action is taken to minimise the risks. The directors consider the *principal risks and uncertainties* associated with running a professional football Club such as Liverpool Football Club to be the player transfer market and wage levels, attendance levels, and revenues from broadcasting contracts and football competitions. Player transfer market and wage costs are those that need most care, and the aim is to manage these costs within financial constraints, whilst remaining as competitive as possible. Development of the Club's commercial revenue continues and the Board is mindful that continued success on the field is paramount to this development. Regular meetings are held internally at the 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 set out below. The Group's financial instruments comprise bank balances and cash together with various net working capital items which arise directly from its operations such as trade debtors and trade creditors. The main purpose of these financial instruments is to transact and raise finance for the Group's operations.

All of these are measured against budget for the year.

- **Liquidity and cash flow risk**

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

- **Currency**

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

- **Credit risk**

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

Group strategic report *(continued)*

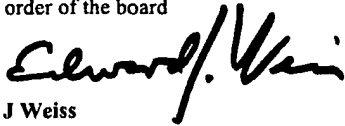
Future developments

The Club confirmed the development of Anfield Stadium in December 2014 and plans to add around 8,500 seats, taking the Main Stand capacity to over 20,000 and increasing the overall capacity of Anfield Stadium to around 54,000.

The Main Stand expansion project is on target for completion during the 2016/17 season, with the redeveloped stand set to comprise three tiers and the existing lower tier re-profiled to accommodate a widened player tunnel, new team benches, media platform and wheelchair viewing positions.

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

By order of the board



E J Weiss
Director

Group directors' report

The directors present their directors' report and financial statements of UKSV Holdings Company Limited (the "Company") and its subsidiaries (together "the Group") for the year ended 31 May 2015.

Results and dividend

The Group profit and loss account on page 10 shows a profit before taxation for the year of £49.2 million (2014: loss of £7.4 million). The directors do not recommend the payment of a dividend (2014: nil).

Directors

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

D Ginsberg
E Weiss

Certain 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's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic report and the Group Directors' report on pages 1 to 6, as are the financial position of the Group and its borrowing facilities.

The Group has a credit facility that was refinanced on 11 September 2015 and matures on 11 September 2020, details of which are provided below and in note 16. The Group's forecasts and projections show that the Group should be able to operate within the level of its new facility, and meet its obligations as they fall due in the foreseeable future.

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

Post balance sheet events

Since the end of the financial year, the Group has contracted for the purchase and sale of various players. The net amount payable resulting from this activity is £37.4 million. This activity will be accounted for in the year ending 31 May 2016. The cumulative effect on the profit and loss account since the period end in relation to the profit on sales of players is a £40.5 million profit.

On 11 September 2015, the Group refinanced its credit facilities. 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.

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

Group directors' report *(continued)*

Employees *(continued)*

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.

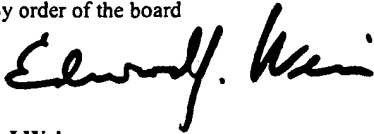
Disclosure of information to auditor

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



E J Weiss
Director

Statement of directors' responsibilities in respect of the Group strategic report, the Group directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.



KPMG LLP

8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditor's report to the members of UKSV Holdings Company Limited

We have audited the financial statements of UKSV Holdings Company Limited for the year ended 31 May 2015 set out on pages 10 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).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 group's and of the parent company's affairs as at 31 May 2015 and of the group'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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of UKSV Holdings Company Limited *(continued)*

Matters on which we are required to report by exception

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

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



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

Date: 24 September 2015

Consolidated profit and loss account
for the year ended 31 May 2015

	Note	Operations excluding player amortisation and trading £000	Player amortisation and trading £000	2015 £000	2014 £000
Turnover	2	298,134	-	298,134	255,803
Cost of sales		(28,265)	-	(28,265)	(28,024)
Gross profit		269,869	-	269,869	227,779
Administrative expenses – before exceptional credit/(costs)	3	(210,326)	(61,603)	(271,929)	(227,530)
Administration expenses – exceptional credit/(costs)	4	338	-	338	(1,400)
Total administrative expenses		(209,988)	(61,603)	(271,591)	(228,930)
Operating profit/(loss)		59,881	(61,603)	(1,722)	(1,151)
Profit/(Loss) on disposal of players’ registrations		-	54,482	54,482	(1,614)
Profit/(Loss) before interest and taxation		59,881	(7,121)	52,760	(2,765)
Other interest receivable and similar income	6			32	16
Interest payable and similar charges	7			(3,619)	(4,633)
Profit/(Loss) on ordinary activities before taxation				49,173	(7,382)
Tax on profit/(loss) on ordinary activities	8			385	(1,355)
Profit/(Loss) for the financial year	20			49,558	(8,737)

The activities represent the continuing activities of the Group.

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

The notes on pages 14 to 31 form part of the financial statements.

Consolidated balance sheet

As at 31 May 2015

		2015		2014	
	Note	£000	£000	£000	£000
Fixed assets					
Intangible assets	10		215,763		168,192
Tangible assets	11		100,639		69,615
			<u>316,402</u>		<u>237,807</u>
Current assets					
Stocks	14	9,858		7,631	
Debtors (including £18.8 million (2014: £9.5 million) due after more than one year)	15	99,321		47,840	
Cash at bank and in hand		4,341		775	
		<u>113,520</u>		<u>56,246</u>	
Creditors: amounts falling due within one year	16	<u>(299,365)</u>		<u>(172,321)</u>	
Net current liabilities			<u>(185,845)</u>		<u>(116,075)</u>
Total assets less current liabilities			<u>130,557</u>		<u>121,732</u>
Creditors: amounts falling due after more than one year	16		<u>(29,440)</u>		<u>(70,173)</u>
Net assets			<u>101,117</u>		<u>51,559</u>
Capital and reserves					
Called up share capital	19		-		-
Share premium	20		217,789		217,789
Capital contribution reserve	20		16,816		16,816
Profit and loss account	20		<u>(133,488)</u>		<u>(183,046)</u>
Total shareholders' funds	20		<u>101,117</u>		<u>51,559</u>

The notes on pages 14 to 31 form part of the financial statements.

These financial statements were approved by the Board of Directors on 22 September 2015.

Signed on behalf of the Board of Directors



E J Weiss
Director


Company balance sheet
As at 31 May 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments in subsidiaries	12	299,316	230,427
Current assets			
Debtors	15	49,371	68,965
Cash at bank and in hand		282	281
		<u>49,653</u>	<u>69,246</u>
Creditors: amounts falling due within one year	16	(115,271)	(62,112)
Net current (liabilities)/assets		<u>(65,618)</u>	<u>7,134</u>
Total assets less current liabilities		<u>233,698</u>	<u>237,561</u>
Creditors: amounts falling due after more than one year	16	-	-
Net assets		<u>233,698</u>	<u>237,561</u>
Capital and reserves			
Called up share capital	19	-	-
Share premium	20	217,789	217,789
Capital contribution reserve	20	16,816	16,816
Profit and loss account	20	(907)	2,956
Total shareholders' funds	20	<u>233,698</u>	<u>237,561</u>

The notes on pages 14 to 31 form part of the financial statements.

These financial statements were approved by the Board of Directors on 22 September 2015.

Signed on behalf of the Board of Directors


E J Weiss
Director

Consolidated cash flow statement
for the year ended 31 May 2015

	<i>Note</i>	2015 £000	2014 £000
Net cash inflow from operating activities	<i>21</i>	64,649	52,328
Returns on investment and servicing of finance	<i>22</i>	(2,790)	(3,209)
Taxation		-	(34)
Capital expenditure and financial investment	<i>22</i>	(98,233)	(60,111)
Cash outflow		(36,374)	(11,026)
Financing	<i>22</i>	39,940	8,445
Increase/(Decrease) in cash in the year	<i>23</i>	3,566	(2,581)

The notes on pages 14 to 31 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The particular accounting policies adopted are described below. They have all been applied consistently throughout the period.

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 May 2015. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the date of acquisition.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and the Directors' report on pages 1 to 6, as are the financial position of the Group and its borrowing facilities.

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

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

Turnover and income recognition

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

Investments

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

Tangible fixed assets and depreciation

Land includes the value attributed to the land element of Anfield Stadium, Melwood Training Ground and the Youth Academy. This is not depreciated.

Anfield Stadium includes the value of the four stands. These are depreciated on a straight line basis over their estimated useful lives which range from 3 to 22 years.

Notes (continued)

1. Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Other facilities include the valuation of the buildings at Melwood Training Ground, the Youth Academy and residential property. These are depreciated on a straight line basis over their estimated useful lives which range from 27 to 50 years.

Other assets include fixtures, fittings, equipment and computers. The fixtures, fittings and equipment are depreciated on a reducing balance basis at rates of 10% to 33%. Computers are depreciated on a straight line basis at 25% per annum.

An asset under construction represents the cost of land, payments to building contractors, and other relevant expenses. Finance costs in respect of the stadium redevelopment are capitalised in accordance with the Group's accounting policy on finance costs. Assets under construction are held at cost until the asset is ready for use.

Impairment of fixed assets

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 whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset.

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing the excess of fair value on the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off over its useful economic life of 20 years on a straight line basis. Provision is made for any impairment in the period in which it is identified.

Intangible fixed assets

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

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

Signing on Fees

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

Stock

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

Finance leases, operating leases and hire purchase contracts

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

Notes (continued)

1. Accounting policies (continued)

Taxation

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

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 "Deferred Tax".

Pensions

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

The 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, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme.

Deferred income

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

Deferred credits

Deferred credits relate to landlord contributions towards capital expenditure on leasehold property. These are transferred to the profit and loss account over the life of the assets to which they relate. These amounts are repayable in certain exceptional circumstances. In the opinion of the directors such circumstances are unlikely to arise in the course of the Group's normal operations.

Foreign currency transactions

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

Interest bearing borrowings

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

Other finance costs

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

Notes (continued)

2. Analysis of turnover

	2015	2014
	£000	£000
By activity:		
Media	122,762	100,981
Matchday	58,971	50,978
Commercial	116,401	103,844
	<u>298,134</u>	<u>255,803</u>

By geographical market:

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

	2015	2014
	£000	£000
United Kingdom	285,471	240,997
Rest of World	12,663	14,806
	<u>298,134</u>	<u>255,803</u>

Notes *(continued)*

3. Administrative expenses – before exceptional credit/(costs)

	2015	2014
	£000	£000
Operations excluding player amortisation and trading:		
Depreciation of tangible fixed assets owned by the Group	5,364	5,030
(Gain)/Loss on disposal of tangible fixed assets	(667)	557
Operating lease rentals - land and buildings	1,959	1,620
- other	382	446
Amortisation of goodwill	3,118	3,118
Staff costs	166,591	144,095
Other operating charges	33,579	21,840
	210,326	176,706
Player amortisation and trading:		
Amortisation of players' registrations	61,362	43,659
Impairment of players' registrations	241	7,165
	271,929	227,530

Notes *(continued)*

3. Administrative expenses – before exceptional credit/(costs) *(continued)*

Auditor's remuneration:

	2015 £000	2014 £000
Audit of these financial statements	14	15
Amounts receivable by the auditors and their associates in respect of:		
Audit of financial statements of subsidiaries	106	112
Other services relating to taxation	23	24
All other services	23	14
	<u>166</u>	<u>165</u>

4. Administrative expenses – exceptional credit/(costs)

	2015 £000	2014 £000
Stadium development related (credit)/costs	(338)	1,400
	<u>(338)</u>	<u>1,400</u>

These costs comprised of stadium development related (credit)/costs payable as a result of not progressing with the new stadium development in Stanley Park.

Notes (continued)

5. Directors and employees

Group	2015 £000	2014 £000
Aggregate amounts for both staff and Directors charged in respect of:		
Wages and salaries	146,127	127,510
Social security costs	18,329	15,955
Pension costs	2,135	630
	166,591	144,095
	Number	Number
During the period the average number of full-time employees was:		
Players, managers and coaches	147	139
Ground and maintenance staff	53	51
Administration, commercial and other	439	380
	639	570

Full-time employees are those employed for more than 20 hours per week. In addition, the Group employed on match days an average of 1,368 part-time employees (2014: 1,264). The Group also employs an additional 103 part-time scouts, coaches and semi-professional LFC Ladies players. (2014: 116).

Company:

The Company had no employees during the financial period. The directors received no remuneration in respect of their services to the Company.

Notes (continued)

6. Other interest receivable and similar income

	2015 £000	2014 £000
Bank interest	32	16

7. Interest payable and similar charges

	2015 £000	2014 £000
On bank loans and overdrafts	2,735	3,191
Other finance costs	884	1,442
	<u>3,619</u>	<u>4,633</u>

Included within other finance costs are amortised financing costs of £0.7 million (2014: £1.2 million) which are being amortised in accordance with FRS4 "Capital Instruments".

8. Taxation

	2015 £000	2014 £000
Current taxation		
UK corporation tax at 20.8% (2013: 22.7%)	(404)	953
Double tax relief	-	(550)
Foreign tax	19	952
	<u>(385)</u>	<u>1,355</u>
Current tax charge for the period		
Deferred tax (see note 17)	-	-
	<u>(385)</u>	<u>1,355</u>
Tax on loss on ordinary activities		

Notes (continued)

8. Taxation (continued)

Factors affecting the tax charge for the current period

The tax charge for the period is lower (2014: higher) than the standard rate of corporation tax in the United Kingdom of 20.8% (2014: 22.7%) and this is due to the factors set out below:

	2015 £000	2014 £000
Profit/(Loss) on ordinary activities before taxation	49,173	(7,382)
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20.8% (2013: 22.7%)	10,244	(1,673)
Effects of:		
- Other timing differences	(1,105)	(949)
- Capital allowances for the period in excess of depreciation	(167)	(103)
- Movements in tax losses	(3,559)	(553)
- Expenses not deductible for tax purposes	1,074	710
- Tax claims in excess of amortisation	(8,063)	(309)
- Consolidation adjustments in relation to acquisition accounting	1,242	3,280
- Overseas taxation	19	952
- Tax rate difference in relation to losses carried back	(70)	-
Current tax (credit)/charge for the period	(385)	1,355

The Group has losses available to be offset against future profits amounting to £86.1 million (2014: £108.3 million).

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. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the Group's future current tax charge accordingly

9. Profit / (Loss) attributable to the company

The Company loss for the financial period was £3.9 million (2014 profit: £5.4 million).

Notes (continued)

10. Intangible fixed assets

	Players' registrations £000	Goodwill £000	Total £000
Cost			
At 1 June 2014	248,891	62,360	311,251
Additions in the period	135,047	-	135,047
Disposals in period	(67,627)	-	(67,627)
At 31 May 2015	316,311	62,360	378,671
Amortisation			
At 1 June 2014	131,756	11,303	143,059
Charge for period	61,362	3,118	64,480
Impairment	241	-	241
Eliminated on disposals in period	(44,872)	-	(44,872)
At 31 May 2015	148,487	14,421	162,908
Net book value			
At 31 May 2015	167,824	47,939	215,763
At 31 May 2014	117,135	51,057	168,192

11. Tangible fixed assets

	Land £000	Anfield Stadium £000	Other facilities £000	Other assets £000	Assets in course of construction £000	Total £000
Cost						
At 1 June 2014	8,000	42,700	17,200	14,771	4,110	86,781
Additions	-	-	-	6,430	29,958	36,388
Disposal	-	-	-	(35)	-	(35)
Reclassification	-	-	-	(401)	401	-
At 31 May 2015	8,000	42,700	17,200	20,765	34,469	123,134
Depreciation						
At 1 June 2014	-	9,402	2,175	5,589	-	17,166
Charge for period	-	2,235	595	2,534	-	5,364
Eliminated on disposal	-	-	-	(35)	-	(35)
Reclassification	-	-	-	(111)	111	-
At 31 May 2015	-	11,637	2,770	7,977	111	22,495
Net book value						
At 31 May 2015	8,000	31,063	14,430	12,788	34,358	100,639
At 31 May 2014	8,000	33,298	15,025	9,182	4,110	69,615

Notes (continued)

11. Tangible fixed assets (continued)

Contracted capital commitments at 31 May 2015, for which no provision has been made in these financial statements, amount to £85.2 million (2014: £1.3 million).

12. Fixed asset investments

(a) Investments in wholly owned Group undertakings comprise:

The principal subsidiary undertakings of the Group are as follows. Dormant or non-trading companies have not been listed:

Name of subsidiaries	Nature of business	Class of Shares held	Shares held	% of shares held
The Liverpool Football Club and Athletic Grounds Limited	Operating company	Ordinary	Directly	100%

The Liverpool Football Club and Athletic Grounds Limited is incorporated in England and Wales with issued share capital of 34,825 ordinary £5 shares.

On 29 October 2014, the Company entered into a series of steps to convert the loan due from its subsidiary undertaking into equity. This involved the allotment of 2 ordinary shares of £5 each from The Liverpool Football Club and Athletic Grounds Limited. The consideration for the allotment and issue of these two shares was £69.0 million (comprising £10 in nominal value and £69.0 million in share premium).

Name of subsidiaries	Nature of business	Class of Shares held	Shares held	% of shares held
Liverpool Ladies Football Club Limited	Operating company	Ordinary	Indirectly	100%

Liverpool Ladies Football Club Limited is incorporated in England and Wales with issued share capital of 100 ordinary £1 shares.

(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)

13. Lease commitments

	2015		2014	
	Group £000	Company £000	Group £000	Company £000
Annual commitments under non-cancellable operating leases are as follows:				
Operating leases which expire:				
In the second to fifth years inclusive	995	-	639	-
Over five years	1,146	-	1,146	-
	<u>2,141</u>	<u>-</u>	<u>1,785</u>	<u>-</u>

14. Stocks

	2015		2014	
	Group £000	Company £000	Group £000	Company £000
Goods for resale	9,858	-	7,631	-
	<u>9,858</u>	<u>-</u>	<u>7,631</u>	<u>-</u>

15. Debtors

	2015		2014	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	85,599	-	42,206	-
Other debtors	163	2	147	-
Intercompany receivable	-	49,369	-	68,965
Prepayments and accrued income	13,559	-	5,487	-
	<u>99,321</u>	<u>49,371</u>	<u>47,840</u>	<u>68,965</u>

Included within trade debtors for the Group of £85.6 million are £18.8 million (2014: £9.5 million) relating to debtors receivable in greater than one year in respect of players sold.

Notes (continued)

16. Creditors

	2015		2014	
	Group £000	Company £000	Group £000	Company £000
Amounts falling due within one year				
Bank loans	49,519	-	-	-
Trade creditors	61,784	-	37,775	-
Amounts owed to parent undertaking	115,253	115,253	61,343	61,343
Amounts owed to subsidiary undertakings	-	-	-	348
Other taxation and social security	21,476	-	19,114	-
Corporation tax	19	-	403	403
Other creditors	1,659	-	1,611	-
Accruals	23,304	18	19,613	18
Deferred credits	104	-	104	-
Deferred income	26,247	-	32,358	-
	<u>299,365</u>	<u>115,271</u>	<u>172,321</u>	<u>62,112</u>

	2015		2014	
	Group £000	Company £000	Group £000	Company £000
Amounts falling due after more than one year				
Bank loans	-	-	57,838	-
Trade creditors	27,177	-	10,849	-
Other creditors	1,860	-	980	-
Deferred credits	403	-	506	-
	<u>29,440</u>	<u>-</u>	<u>70,173</u>	<u>-</u>

The bank loans are repayable as follows:

	2015		2014	
	Group £000	Company £000	Group £000	Company £000
Bank loans	50,000	-	59,000	-
Less: deferred loan costs	(481)	-	(1,162)	-
	<u>49,519</u>	<u>-</u>	<u>57,838</u>	<u>-</u>
Within one year or less	49,519	-	-	-
Within two to five years	-	-	57,838	-

As of 31 May 2015, the Group's financing arrangements were scheduled to mature on 31 December 2015.

On 11 September 2015, the Group refinanced its credit facilities. 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.



Notes (continued)

16. Creditors (continued)

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

17. Provision for liabilities and charges

	2015 £000	2014 £000
Deferred taxation		
This comprises deferred taxation attributable to:		
Accelerated capital allowances	393	244
Other timing differences	(1,263)	(2,112)
Intangible asset timing differences	9,344	1,916
Tax losses carried forward	(17,216)	(22,751)
	<hr/>	<hr/>
Deferred tax asset	(8,742)	(22,703)
Less: asset not provided	8,742	22,703
	<hr/>	<hr/>
Net deferred tax	-	-
	<hr/>	<hr/>

The Group has tax losses to carry forward of £86.1 million (2014: £108.3 million). A deferred tax asset of £17.2 million (2014: £22.7 million) has not been recognised as the directors do not believe that suitable taxable profits in future periods are sufficiently certain in order to recognise an asset.

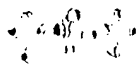
18. Contingent liabilities and assets

Under the terms of certain contracts for the acquisition of players' registrations, future transfer fees may be payable of £12.7 million (2014: £12.8 million). In accordance with the Company's accounting policy for transfer fees any additional fees which may be payable under these agreements, will be accounted for in the year that it becomes probable that the condition is fulfilled. Since the year end £0.5 million of contingent liabilities have crystallised.

Under the terms of certain contracts for the sale of players' registrations, future amounts may be received by the Club. As at 31 May 2015 the maximum amount that could be received is £4.1 million (2014: £3.3 million). Since the period end £nil of the contingent assets have crystallised.

19. Called up share capital

	2015 Number	2014 Number
Allotted, issued and fully paid – ordinary shares of £1 each	200	200
	<hr/>	<hr/>



Notes (continued)

20. Combined statement of movement in shareholders' funds and statement of movement on reserves

Group	Issued share capital £000	Share premium account £000	Capital contribution reserve £000	Profit and loss £000	Shareholders' funds £000
At 1 June 2014	-	217,789	16,816	(183,046)	51,559
Movement in the year	-	-	-	49,558	49,558
At 31 May 2015	-	217,789	16,816	(133,488)	101,117

Company	Issued share capital £000	Share premium account £000	Capital contribution reserve £000	Profit and loss £000	Shareholders' funds £000
At 1 June 2014	-	217,789	16,816	2,956	237,561
Movement in the year	-	-	-	(3,863)	(3,863)
At 31 May 2015	-	217,789	16,816	(907)	233,698

21. Net cashflow from operating activities

	2015 £000	2014 £000
Group operating loss	(1,722)	(1,151)
Depreciation of tangible assets	5,364	5,030
Transfer of deferred credits to profit and loss account	(104)	(105)
(Profit)/Loss on disposal of fixed assets	(667)	557
Amortisation and impairment of intangible assets – player registrations	61,603	50,824
Amortisation of intangible assets - goodwill	3,118	3,118
(Increase)/decrease in stocks	(2,227)	389
(Increase)/decrease in debtors	(4,997)	4,596
Increase/(decrease) in creditors	4,281	(10,930)
Net cash inflow from operating activities	64,649	52,328

Notes (continued)

22. Gross cash flows

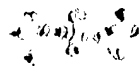
	2015 £000	2014 £000
Returns on investment and servicing of finance		
Interest received	32	16
Interest paid	(2,828)	(3,225)
	<u>(2,790)</u>	<u>(3,209)</u>
Capital expenditure		
Payments to acquire tangible assets	(40,225)	(6,968)
Proceeds from the sale of tangible assets	667	150
Payments to acquire intangible assets – player registrations	(95,621)	(66,789)
Proceeds from sale of intangible assets – player registrations	36,946	13,496
	<u>(98,233)</u>	<u>(60,111)</u>
Financing		
Facility (repayment)/drawdown	(9,000)	9,000
New intercompany loans	49,000	-
Costs of raising finance	(60)	(555)
	<u>39,940</u>	<u>8,445</u>

23. Analysis of changes in net debt

	As at 1 June 2014 £000	Cash flow £000	Other non- cash changes £000	As at 31 May 2015 £000
Cash at bank and in hand	775	3,566	-	4,341
	<u>775</u>	<u>3,566</u>	<u>-</u>	<u>4,341</u>
Debt due within one year – bank loan	(57,838)	9,060	(741)	(49,519)
Intercompany debt – UKSV I LLC	(61,343)	(49,000)	(4,910)	(115,253)
	<u>(119,181)</u>	<u>(39,940)</u>	<u>(5,651)</u>	<u>(164,772)</u>
Net debt	<u>(118,406)</u>	<u>(36,374)</u>	<u>(5,651)</u>	<u>(160,431)</u>

The additional intercompany finance received during the period is in respect of the funding for the Anfield Stadium expansion.

Other non-cash changes include deferred bank loan amortisation costs and foreign exchange movements on the restatement of the intercompany debt.



Notes (continued)

23. Analysis of changes in net debt (continued)

Reconciliation of net cash flow to movement in net debt

	2015 £000	2014 £000
Increase/(decrease) in cash in the period	3,566	(2,581)
Cash outflow/(inflow) from (increase)/decrease in borrowings		
- bank loans	9,060	(8,445)
Cash inflow from increase in borrowings		
- intercompany	(49,000)	-
Change in net debt resulting from cash flows	(36,374)	(11,026)
Intercompany debt - non cash change	(4,910)	6,285
Movement in deferred loan costs	(741)	(1,242)
Movement in net debt in the period	(42,025)	(5,983)
Net debt at beginning of year	(118,406)	(112,423)
Net debt at end of year	(160,431)	(118,406)

24. Pensions

Defined contribution schemes

Assets of defined contribution pension schemes are held separately from those of the Company and are separately administered. Total contributions charged to the profit and loss account during the period amounted to £2.1 million (2014: £0.6 million). As at 31 May 2015 £0.1 million (2014: £0.1 million) of pension contributions were included in accruals.

Defined benefit scheme

Historically, the Club participated in the defined benefit scheme of The Football League Ltd Pension and Life Assurance Scheme ("the scheme"). The scheme was suspended on 31 August 1999. Since then the Club has been advised only of its share of the deficit arising on the defined benefit section of the scheme.

The latest actuarial valuation of the Scheme was on 1 September 2014 which revealed an increased deficit. The Scheme's Trustees have stated that the additional contribution required from the Group to make good this deficit was £1.4 million. The creditor in the accounts was increased accordingly. The revised deficit is payable over a period of 5.5 years, which commenced in September 2014. The liability is accrued within other creditors.

A summary of the movements is shown below

	2015 £000	2014 £000
Provision at beginning of year	1,400	3,369
Payments in the year	(432)	(1,969)
Increase in provision	1,388	-
Provision at end of year	2,356	1,400

Notes (continued)

25. Post Balance Sheet Events

Since the end of the financial period, the Group has contracted for the purchase and sale of various players. The net amount payable resulting from this activity is £37.4 million. This activity will be accounted for in the year ending 31 May 2016. The cumulative effect on the profit and loss account since the period end in relation to the profit on sales of players is a £40.5 million profit.

On 11 September 2015, the Group refinanced its credit facilities. 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.

26. Ultimate parent company and controlling party

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 I, LLC incorporated in the United States of America.

27. Related Parties

During the year, the Group entered into sale and purchase transactions with Fenway Sports Management. This is a related party of the Group by virtue of common ownership. Transactions with Fenway Sports Management in the year total purchases of £0.3 million (2014: £nil) and sales of £0.7 million (2014: £nil). At the year end, there were no amounts outstanding from purchases (2014: £nil) and amounts outstanding from sales transactions were £nil (2014: £nil).

These transactions occurred on an arm's length basis.