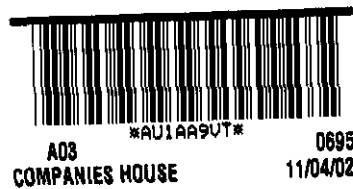


**LIVERPOOLFC.TV LIMITED**

**ANNUAL REPORT**

**PERIOD ENDED 31 JULY 2001**



**PKF**

# LIVERPOOLFC.TV LIMITED

## COMPANY INFORMATION

<b>Directors</b>	J D Burns J Judd R N Parry L A Wheatley
<b>Secretary</b>	L A Wheatley
<b>Company Number</b>	4029705
<b>Registered Office</b>	52 Mount Pleasant Liverpool L3 5UN
<b>Auditors</b>	PKF 52 Mount Pleasant Liverpool L3 5UN
<b>Bankers</b>	Barclays Bank plc 15 - 33 Moorfields Liverpool L69 2RU

# LIVERPOOLFC.TV LIMITED

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DETAILED PROFIT AND LOSS ACCOUNT	Appendix 1

**LIVERPOOLFC.TV LIMITED**  
**DIRECTORS' REPORT**  
**PERIOD ENDED 31 JULY 2001**

The directors submit their report and the financial statements for the period since incorporation on 10 July 2000 to 31 July 2001. On incorporation the company was known as Axelnote Ltd. The company changed its name to Liverpoolfc.com Limited on 18 August 2000. There was a subsequent change of name on 26 April 2001, when the company was renamed Liverpoolfc.tv Limited

**Principal activity**

The principal activity of the company is to own and operate a broadband affinity, entertainment and e-commerce portal.

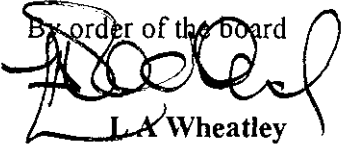
**Directors**

The directors who served during the period and their interests in the company's issued share capital at the balance sheet date and at the date of their appointment were:

	Ordinary £1 shares 2001 Appointment	
J D Burns ( appointed 12 July 2000)	-	-
R N Parry (appointed 19 July 2000)	-	-
L A Wheatley (appointed 19 July 2000)	-	-
J Judd (appointed 5 September 2001)	-	-
S Shaps (appointed 19 July 2000 / resigned 5 September 2001)	-	-

**Basis of preparation**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board  
  
L A Wheatley  
Secretary  
26 October 2001

# **LIVERPOOLFC.TV LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
LIVERPOOLFC.TV LIMITED**

We have audited the financial statements of Liverpoolfc.tv Limited for the period ended 31 July 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Liverpool, UK  
26 October 2001

  
**PKF**  
Registered Auditors

**LIVERPOOLFC.TV LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**PERIOD ENDED 31 JULY 2001**

	Notes	2001 £
<b>TURNOVER</b>	2	426,847
Cost of sales		(306,921)
<b>GROSS PROFIT</b>		<u>119,926</u>
Administrative expenses		(3,202,853)
<b>OPERATING LOSS</b>	3	<u>(3,082,927)</u>
Interest receivable and similar items		6,023
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(3,076,904)</u>
<b>TAXATION</b>		-
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u><u>(3,076,904)</u></u>

**LIVERPOOLFC.TV LIMITED**  
**BALANCE SHEET**  
**31 JULY 2001**

	Notes	2001 £
<b>FIXED ASSETS</b>		
Intangible	4	19,000,000
Tangible	5	27,856
		<u>19,027,856</u>
<b>CURRENT ASSETS</b>		
Debtors	6	188,000
Cash at bank and in hand		399,894
		<u>587,894</u>
<b>CREDITORS: amounts falling due within one year</b>	7	(952,218)
<b>NET CURRENT LIABILITIES</b>		<u>(364,324)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>18,663,532</u>
<b>CREDITORS: amounts falling due after more than one year</b>	8	(1,739,936)
<b>NET ASSETS</b>		<u><u>16,923,596</u></u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	9	1,000
Share premium account		19,999,500
Profit and loss account	10	(3,076,904)
		<u><u>16,923,596</u></u>

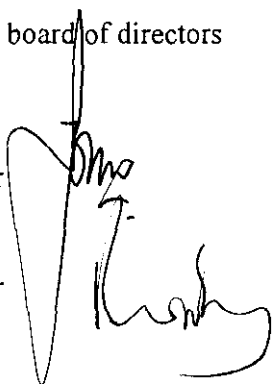
The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 26 October 2001

Signed on behalf of the board of directors

J D Burns Director

R N Parry Director





**LIVERPOOLFC.TV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 JULY 2001**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

**(b) Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

**(c) Intangible fixed assets**

The cost of the media rights purchased have been capitalised net of value added tax. The useful economic life of the rights has been determined as being 20 years in total. The cost is therefore being amortised on a straight line basis over the 20 year period.

**(d) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures, fittings & office equipment	33.33% on cost
---------------------------------------	----------------

**2 TURNOVER**

All turnover arose within the United Kingdom.

**3 OPERATING LOSS**

The operating loss is stated after charging:

	£
Amortisation of intangible assets	1,000,000
Depreciation of tangible fixed assets:	
- owned by the company	4,081
Audit fees	3,000
	<u>          </u>

No director received any emoluments.

**LIVERPOOLFC.TV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 JULY 2001**

**4 INTANGIBLE FIXED ASSETS**

	Other intangible assets £
<b>Cost</b>	
At 10 July 2000	-
Additions	20,000,000
	<hr/>
At 31 July 2001	20,000,000
	<hr/>
<b>Amortisation</b>	
At 10 July 2000	-
Charge for the period	1,000,000
	<hr/>
At 31 July 2001	1,000,000
	<hr/>
<b>Net book amount</b>	
At 31 July 2001	19,000,000
	<hr/> <hr/>

**5 TANGIBLE FIXED ASSETS**

	Fixtures fittings and office equipment £
<b>Cost</b>	
At 10 July 2000	-
Additions	31,937
	<hr/>
At 31 July 2001	31,937
	<hr/>
<b>Depreciation</b>	
At 10 July 2000	-
Charge for period	4,081
	<hr/>
At 31 July 2001	4,081
	<hr/>
<b>Net book amount</b>	
At 31 July 2001	27,856
	<hr/> <hr/>

**LIVERPOOLFC.TV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 JULY 2001**

**6 DEBTORS**

	£
Amounts due from related undertakings	97,204
Other debtors	90,796
	<u>188,000</u>

**7 CREDITORS:**

**Amounts falling due within one year**

	£
Trade creditors	356,892
Amounts owed to related undertakings	414,172
Other creditors	181,154
	<u>952,218</u>

**8 CREDITORS:**

**Amounts falling due after more than one year**

	£
Amounts owing to related undertakings	1,739,936

The amount due represents interest free cash advances made to the company by Granada Media Group Limited during the year. There are no specified dates for repayment of the amounts advanced.

**9 SHARE CAPITAL**

	Authorised £	Allotted, called up and fully paid No.	£
Shares issued in period:			
Class A Ordinary shares of £1 each	500	500	500
Class B Ordinary shares of £1 each	500	500	500
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The company's issued share capital is jointly owned by Granada Media Group Limited who own 500 Class A ordinary shares and Liverpool Football Club and Athletic Grounds plc who own 500 Class B ordinary shares.

The Class A shares were issued at a total premium of £19,999,500, which sum has been credited to a share premium account.

**LIVERPOOLFC.TV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 JULY 2001**

**10 RESERVES**

<b>Share premium account</b>	<b>£</b>
At 10 July 2000	-
Premium on shares issued during the period	19,999,500
	<hr/>
At 31 July 2001	19,999,500
	<hr/> <hr/>
<b>Profit and loss account</b>	<b>£</b>
At 10 July 2000	-
Loss for the period	(3,076,904)
	<hr/>
At 31 July 2001	(3,076,904)
	<hr/> <hr/>

**11 TRANSACTIONS WITH RELATED PARTIES**

During the period, the company purchased services from Granada Media Group Limited to the value of £840,601. Liverpoolfc.tv Limited also made sales to Granada Media Group Limited to the value of £37,185. At the year end amounts owed to Granada Media Group Limited were £404,688. In addition to this balance there was also a long term interest free loan due to Granada Media Group Limited of £1,739,936.

At the beginning of the period, the company purchased intellectual property rights from Liverpool Football Club & Athletic Grounds plc for £20,000,000. In addition Liverpoolfc.tv Limited purchased services from Liverpool Football Club and Athletic Grounds plc to the value of £334,146. The balance owed to Liverpool Football Club and Athletic Grounds plc at the year end was £9,484. The amount owed by Liverpool Football Club and Athletic Grounds plc at the year end was £97,204.