

**LIVERPOOLFC.TV LIMITED**

**ANNUAL REPORT**

**YEAR ENDED 31 JULY 2003**



# **LIVERPOOLFC.TV LIMITED**

## **COMPANY INFORMATION**

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Rick Parry<br>Jules Burns<br>M Graesser<br>S Drake            |
| <b>Secretary</b>         | L A Wheatley  |
| <b>Company Number</b>    | 4029705   |
| <b>Registered Office</b> | 52 Mount Pleasant<br>Liverpool<br>L3 5UN                      |
| <b>Auditors</b>          | PKF<br>52 Mount Pleasant<br>Liverpool<br>L3 5UN               |
| <b>Bankers</b>           | Barclays Bank plc<br>15-33 Moorfields<br>Liverpool<br>L69 2RU |

# LIVERPOOLFC.TV LIMITED

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**LIVERPOOLFC.TV LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 JULY 2003**

The directors submit their report and the financial statements for the year ended 31 July 2003.

**Principal activity**

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

**Directors**

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

Rick Parry  
Les Wheatley (resigned 17 September 2003)  
Jules Burns  
J Judd (resigned 17 September 2003)  
M Graesser (appointed 17 September 2003)  
S Drake (appointed 17 September 2003)

No director had an interest in the company's issued share capital during the year.

**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

  
**J Burns**  
Director

27 May 2004

**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 judgements 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 and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

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

We have audited the financial statements of LIVERPOOLFC.TV LIMITED for the year ended 31 July 2003 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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**

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Liverpool, UK  
27 May 2004

  
**PKF**  
Registered Auditors

**LIVERPOOLFC.TV LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 JULY 2003**

|  | Notes    | 2003<br>£                 | 2002<br>£                 |
|--|----------|---------------------------|---------------------------|
| <b>TURNOVER</b>  | <b>2</b> | <b>2,954,371</b>          | <b>1,561,998</b>          |
| Cost of sales  |          | <u>(1,600,407)</u>        | <u>(773,437)</u>          |
| <b>GROSS PROFIT</b>                                    |          | <b>1,353,964</b>          | <b>788,561</b>            |
| Administrative expenses                                |          | <u>(2,625,851)</u>        | <u>(3,456,262)</u>        |
| <b>OPERATING LOSS</b>                                  | <b>3</b> | <b>(1,271,887)</b>        | <b>(2,667,701)</b>        |
| Interest receivable and similar income                 |          | <u>3,411</u>              | <u>2,699</u>              |
| <b>LOSS ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |          | <b>(1,268,476)</b>        | <b>(2,665,002)</b>        |
| <b>TAXATION</b>  | <b>4</b> | <b>171,323</b>            | <b>201,852</b>            |
| <b>LOSS FOR THE FINANCIAL YEAR</b>                     |          | <u><b>(1,097,153)</b></u> | <u><b>(2,463,150)</b></u> |

**LIVERPOOLFC.TV LIMITED**  
**BALANCE SHEET**  
**31 JULY 2003**

|  | Notes | 2003<br>£          | 2002<br>£          |
|--|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>  |       |                    |                    |
| Intangible   | 5     | 17,000,000         | 18,000,000         |
| Tangible   | 6     | 301,016            | 287,732            |
|  |       | <u>17,301,016</u>  | <u>18,287,732</u>  |
| <b>CURRENT ASSETS</b>  |       |                    |                    |
| Debtors  | 7     | 572,389            | 823,135            |
| Cash at bank and in hand                                       |       | 135,721            | 65,433             |
|  |       | <u>708,110</u>     | <u>888,568</u>     |
| <b>CREDITORS: amounts falling due within one year</b>          | 8     | (1,716,093)        | (2,300,918)        |
| <b>NET CURRENT LIABILITIES</b>                                 |       | <u>(1,007,983)</u> | <u>(1,412,350)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       | <u>16,293,033</u>  | <u>16,875,382</u>  |
| <b>CREDITORS: amounts falling due after more than one year</b> | 9     | (2,929,740)        | (2,414,936)        |
| <b>NET ASSETS</b>  |       | <u>13,363,293</u>  | <u>14,460,446</u>  |
| <b>CAPITAL AND RESERVES</b>                                    |       |                    |                    |
| Called up share capital  | 10    | 1,000              | 1,000              |
| Share premium account  |       | 19,999,500         | 19,999,500         |
| Profit and loss account  | 11    | (6,637,207)        | (5,540,054)        |
|  |       | <u>13,363,293</u>  | <u>14,460,446</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 27 May 2004

Signed on behalf of the board of directors

  
**J Burns**

**Director**



**LIVERPOOLFC.TV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2003**

**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 June 2002).

**(b) Turnover**

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

**(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 assets 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, commencing period ended 31 July 2000.

**(d) Tangible fixed assets**

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 and office equipment | 33.33 % on cost |
|---|-----------------|

**(e) Deferred taxation**

Provision is made for deferred taxation using the full provision basis in accordance with Financial Reporting Standard 19. Deferred tax is recognised on all timing differences which have originated but not reversed at the balance sheet date. Timing differences represent accumulated differences between the company's taxable profit and its financial profit and arise from the difference between accelerated capital allowances and depreciation.

**2 TURNOVER**

All turnover arose within the United Kingdom and derives from the company's principal activity.

**3 OPERATING LOSS**

The operating loss is stated after charging:

|  | 2003              | 2002              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Amortisation of intangible assets      | 1,000,000         | 1,000,000         |
| Depreciation of tangible fixed assets: |                   |                   |
| - owned by the company                 | 164,472           | 35,150            |
| Audit fees                             | 5,750             | 5,500             |
|  | <u>          </u> | <u>          </u> |

No directors received any emoluments (2002 - £NIL).

**LIVERPOOLFC.TV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2003**

**4 TAXATION**

|  | 2003<br>£        | 2002<br>£        |
|--|------------------|------------------|
| <b>Current year taxation</b>               |                  |                  |
| UK corporation tax                         | (171,323)        | -                |
| Adjustments in respect of previous periods | -                | (201,852)        |
| <b>Total UK taxation</b>                   | <u>(171,323)</u> | <u>(201,852)</u> |

**5 INTANGIBLE FIXED ASSETS**

|                                      | <b>Other<br/>intangible<br/>assets<br/>£</b> |
|--------------------------------------|--|
| <b>Cost</b>                          |  |
| At 1 August 2002<br>and 31 July 2003 | <u>20,000,000</u>                            |
| <b>Amortisation</b>                  |  |
| At 1 August 2002                     | 2,000,000                                    |
| Charge for the year                  | <u>1,000,000</u>                             |
| At 31 July 2003                      | <u>3,000,000</u>                             |
| <b>Net book amount</b>               |  |
| At 31 July 2003                      | <u>17,000,000</u>                            |
| At 31 July 2002                      | <u><u>18,000,000</u></u>                     |

**LIVERPOOLFC.TV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2003**

**6 TANGIBLE FIXED ASSETS**

|                        | Fixtures<br>fittings and<br>office equipment<br>Total<br>£ |
|------------------------|--|
| <b>Cost</b>            |  |
| At 1 August 2002       | 326,963  |
| Additions              | 177,457  |
| At 31 July 2003        | <u>504,420</u>   |
| <b>Depreciation</b>    |  |
| At 1 August 2002       | 39,231   |
| Charge for the year    | 164,472  |
| At 31 July 2003        | <u>203,404</u>   |
| <b>Net book amount</b> |  |
| At 31 July 2003        | <u>301,016</u>   |
| At 31 July 2002        | <u>287,732</u>   |

**7 DEBTORS**

|                                    | 2003<br>£      | 2002<br>£      |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 546,692        | 731,067        |
| Other debtors                      | 25,697         | 92,068         |
|                                    | <u>572,389</u> | <u>823,135</u> |

**LIVERPOOLFC.TV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2003**

**8 CREDITORS:**

**Amounts falling due within one year**

|                                    | 2003             | 2002             |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Trade creditors                    | 100,344          | 233,835          |
| Amounts owed to group undertakings | 1,290,770        | 1,559,715        |
| Other taxation and social security | 145,738          | -                |
| Other creditors                    | 179,241          | 507,368          |
|                                    | <u>1,716,093</u> | <u>2,300,918</u> |

**9 CREDITORS:**

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

|                 | 2003             | 2002             |
|-----------------|------------------|------------------|
|                 | £                | £                |
| Other creditors | 2,929,740        | 2,414,936        |
|                 | <u>2,929,740</u> | <u>2,414,936</u> |

**10 SHARE CAPITAL**

|                                      | Authorised | Allotted, called up and<br>fully paid |            |
|--------------------------------------|------------|---------------------------------------|------------|
|                                      | £          | No                                    | £          |
| At 1 August 2002<br>and 31 July 2003 |            |                                       |            |
| Class A Ordinary shares of £1 each   | 500        | 500                                   | 500        |
| Class B Ordinary shares of £1 each   | 500        | 500                                   | 500        |
|                                      | <u>500</u> | <u>500</u>                            | <u>500</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 shares rank pari passu in all respects.

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

**11 RESERVES**

| Profit and loss account | £                  |
|-------------------------|--------------------|
| At 1 August 2002        | (5,540,054)        |
| Loss for the year       | (1,097,153)        |
| At 31 July 2003         | <u>(6,637,207)</u> |

**LIVERPOOLFC.TV LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2003**

**12 TRANSACTIONS WITH RELATED PARTIES**

During the year, the company purchased services from Granada Media Group Limited to the value £1,043,700 (2002 - £1,595,715). LIVERPOOLFC.TV LIMITED also made sales to Granada Media Group Limited to the value of £343,652 (2002 - £338,322). At the year end amounts owed to Granada Media Group Limited were £1,281,604 (2002 - £1,535,093). In addition to this balance there was also a long term interest free loan due to Granada Media Group Limited of £2,929,740 (2002 - £2,414,936). The amount owed by Granada Media Group Limited at the year end was £NIL (2002 - £15,869).

The company purchased goods and services from Liverpool Football Club and Athletic Grounds plc to the value of £1,529,521 (2002 - £889,735). The balance owed to Liverpool Football Club and Athletic Grounds plc at the year end was £9,166 (2002 - £24,622). The amount owed by Liverpool Football Club and Athletic Grounds plc at the year end was £546,692 (2002 - £383,098).