



Accountants &
business advisers

LIVERPOOLFC.TV LIMITED

Company Number: 4029705

ANNUAL REPORT

YEAR ENDED 31 JULY 2005

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LIVERPOOLFC.TV LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | R N Parry J D Burns M S E Drake J H Cresswell |
| Secretary | L A Wheatley |
| Company Number | 4029705 |
| Registered Office | 5 Temple Square Temple Street Liverpool L2 5RH |
| Auditors | PKF (UK) LLP 5 Temple Square Temple Street Liverpool L2 5RH |
| Bankers | Barclays Bank plc 15-33 Moorfields Liverpool L69 2RU |

LIVERPOOLFC.TV LIMITED

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The following pages do not form part of the statutory accounts:

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LIVERPOOLFC.TV LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 JULY 2005

The directors submit their report and the financial statements for the year ended 31 July 2005.

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:

R N Parry
J D Burns
M S E Drake
J H Cresswell

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

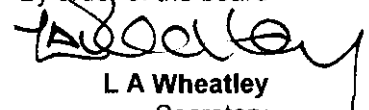
Appointment of Auditors

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under section 26(5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly, the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP and to authorise the directors to agree their remuneration will be proposed at the forthcoming annual general meeting.

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

7 December 2005

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 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 2005 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 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

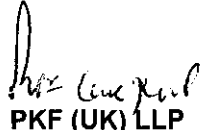
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Liverpool, UK
8 December 2005


PKF (UK) LLP
Registered Auditors

LIVERPOOLFC.TV LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 JULY 2005**

| | Notes | 2005 £ | 2004 £ |
|--|----------|-------------------------|---------------------------|
| TURNOVER | 2 | 2,717,899 | 1,545,287 |
| Cost of sales | | <u>(467,836)</u> | <u>(112,190)</u> |
| GROSS PROFIT | | 2,250,063 | 1,433,097 |
| Administrative expenses | | <u>(2,591,643)</u> | <u>(2,489,693)</u> |
| OPERATING LOSS | 3 | (341,580) | (1,056,596) |
| Loss on disposal of fixed assets | | <u>(2,554)</u> | <u>-</u> |
| Interest receivable and similar income | | <u>3,461</u> | <u>-</u> |
| LOSS FOR THE FINANCIAL YEAR | | <u>(340,673)</u> | <u>(1,056,596)</u> |

LIVERPOOLFC.TV LIMITED

BALANCE SHEET

31 JULY 2005

| | Notes | 2005 £ | 2004 £ |
|--|-------|--------------------------|--------------------------|
| FIXED ASSETS | | | |
| Intangible | 4 | 15,000,000 | 16,000,000 |
| Tangible | 5 | 113,122 | 180,296 |
| | | <u>15,113,122</u> | <u>16,180,296</u> |
| CURRENT ASSETS | | | |
| Debtors | 6 | 1,125,813 | 540,663 |
| Cash at bank and in hand | | 623,205 | 32,110 |
| | | <u>1,749,018</u> | <u>572,773</u> |
| CREDITORS: amounts falling due within one year | 7 | (1,426,010) | (976,266) |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>323,008</u> | <u>(403,493)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>15,436,130</u> | <u>15,776,803</u> |
| CREDITORS: amounts falling due after more than one year | 8 | (3,470,106) | (3,470,106) |
| NET ASSETS | | <u><u>11,966,024</u></u> | <u><u>12,306,697</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 9 | 1,000 | 1,000 |
| Share premium account | 10 | 19,999,500 | 19,999,500 |
| Profit and loss account | 10 | (8,034,476) | (7,693,803) |
| | | <u><u>11,966,024</u></u> | <u><u>12,306,697</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 7 December 2005

Signed on behalf of the board of directors

R N Parry Director

M S E Drake Director



LIVERPOOLFC.TV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

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 derives from the company's principal activities and comprises the invoiced value of services, commissions and electronic subscriptions rendered, net of value added tax.

(c) Intangible fixed assets

The cost of the media rights purchased has been capitalised net of value added tax. The useful economic life of the asset 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 a straight line basis.

In previous years, the company depreciated all tangible fixed assets on a straight line basis over a useful economic life of 3 years. The useful economic life of the assets was re-assessed during the year. The useful economic lives of the assets are now considered to range from between 1 and 3 years. The depreciation charge for the year under review has been reduced by £54,017 as a result of the change in estimation technique.

LIVERPOOLFC.TV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

2 TURNOVER

All turnover arose within the United Kingdom.

3 OPERATING LOSS

The operating loss is stated after charging:

| | 2005 £ | 2004 £ |
|--|------------------|------------------|
| Amortisation of intangible assets | 1,000,000 | 1,000,000 |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 120,520 | 124,500 |
| Audit fees | 7,500 | 6,000 |
| | <u>1,128,020</u> | <u>1,130,500</u> |

No directors received any emoluments (2004 - £NIL).

4 INTANGIBLE FIXED ASSETS

| | Media Rights £ |
|--------------------------------------|----------------------|
| Cost | |
| At 1 August 2004 and 31 July 2005 | <u>20,000,000</u> |
| Amortisation | |
| At 1 August 2004 | 4,000,000 |
| Charge for the year | <u>1,000,000</u> |
| At 31 July 2005 | <u>5,000,000</u> |
| Net book amount | |
| At 31 July 2005 | <u>15,000,000</u> |
| At 31 July 2004 | <u>16,000,000</u> |

LIVERPOOLFC.TV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

5 TANGIBLE FIXED ASSETS

| | Total £ |
|------------------------|----------------|
| Cost | |
| At 1 August 2004 | 508,200 |
| Additions | 55,900 |
| Disposals | (40,489) |
| At 31 July 2005 | <u>523,611</u> |
| Depreciation | |
| At 1 August 2004 | 327,904 |
| Charge for the year | 120,520 |
| On disposals | (37,935) |
| At 31 July 2005 | <u>410,489</u> |
| Net book amount | |
| At 31 July 2005 | <u>113,122</u> |
| At 31 July 2004 | <u>180,296</u> |

6 DEBTORS

| | 2005 £ | 2004 £ |
|------------------------------------|------------------|----------------|
| Trade debtors | 406,707 | 103,854 |
| Amounts owed by group undertakings | 643,656 | 351,125 |
| Other debtors | 75,450 | 85,684 |
| | <u>1,125,813</u> | <u>540,663</u> |

7 CREDITORS:

Amounts falling due within one year

| | 2005 £ | 2004 £ |
|------------------------------------|------------------|----------------|
| Bank loans and overdrafts | 190,000 | - |
| Trade creditors | 177,303 | 3,000 |
| Amounts owed to group undertakings | 699,942 | 807,757 |
| Other creditors | 358,765 | 165,509 |
| | <u>1,426,010</u> | <u>976,266</u> |

8 CREDITORS:

Amounts falling due after more than one year

| | 2005 £ | 2004 £ |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | <u>3,470,106</u> | <u>3,470,106</u> |

LIVERPOOLFC.TV LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

9 SHARE CAPITAL

| | Authorised £ | Allotted, called up and fully paid No | £ |
|--------------------------------------|-----------------|---|------------|
| At 1 August 2004 and 31 July 2005 | | | |
| 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> |

10 RESERVES

| | £ |
|--------------------------------|--------------------|
| Profit and loss account | |
| At 1 August 2004 | (7,693,803) |
| Loss for the year | (340,673) |
| At 31 July 2005 | <u>(8,034,476)</u> |

11 TRANSACTIONS WITH RELATED PARTIES

During the year, the company purchased services from Granada Media Group Limited to the value of £778,045 (2004 - £762,261). LIVERPOOLFC.TV LIMITED also made sales to Granada Media Group Limited to the value of £101,017 (2004 - £256,384). At the year end amounts owed to Granada Media Group Limited were £699,942 (2004 - £782,829). In addition to this balance there was also a long term interest free loan due to Granada Media Group Limited of £3,510,048 (2004 - £3,470,106). The amount owed by Granada Media Group Limited at the year end was £NIL (2004 - £NIL).

The company purchased goods and services from Liverpool Football Club and Athletic Grounds plc to the value of £83,307 (2004 - £75,144). LIVERPOOLFC.TV LIMITED also made sales to Liverpool Football Club and Athletic Grounds plc to the value of £1,282,518 (2004 - £582,514). The balance owed to Liverpool Football Club and Athletic Grounds plc at the year end was £71,088 (2004 - £24,928). In addition to this balance there was also an interest free loan due to Liverpool Football Club and Athletic Grounds plc of £190,000 (2004 - NIL). The amount owed by Liverpool Football Club and Athletic Grounds plc at the year end was £643,656 (2004 - £351,125).