

**The Liverpool Football Club and Athletic Grounds
Limited**

**Directors' report and financial
statements**

Registered number 00035668

Year ended 31 July 2010



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Directors' report

The directors present their directors' report and financial statements of The Liverpool Football Club and Athletic Grounds Limited ("the Club" or "Company") for the year ended 31 July 2010

The directors have prepared the financial statements using the going concern assumption the basis of which is more fully set out in note 1

Review of the business

The principal activities of the Company continued to be those of a professional football club and related activities

On 15 October 2010 100% of the shares in the Company were sold to NESVI LLC (*subsequently known as Fenway Sports Group*) via the UK holding Company set up for this purpose – UKSV Holdings Company Limited ("UKSV")

Profit and Loss

Turnover has increased from £177.3million in 2008/9 to £184.9million in 2009/10

Media revenue increased by £5million to £79.6million in 2009/10. This was driven by an uplift in UEFA distributions, mainly as a result of the higher domestic league position at the end of the 2008/9 season. Although the Club were eliminated in the group stages of the Champions League in 2009/10, progression to the Europa Cup semi finals generated further European media income. Within media income, domestic broadcasting revenue decreased as a result of the Club's league position of 7th compared to 2nd at the end of the 2008/9 season.

Matchday revenue increased slightly in 2009/10 from £42.5million to £42.9million and commercial revenue increased by £1.8million from £60.3million in 2008/9 to £62.1million in 2009/10.

Within the commercial figure for 2009/10 is the revenue generated from the digital media and catering business. The digital media revenue is included in the Club after the transfer in of the business of Liverpoolfc tv Limited in July 2009 and catering was brought back 'in house' in July 2009 also. The decrease in royalty and merchandising revenue is also included in the commercial revenue category.

The improvement in turnover is offset by an increase in administrative expenses before exceptional costs of £20.7million. The major elements of this being an increase in player salary costs and amortisation. In addition, there have been increases in catering, administration and digital media costs.

Also included in administrative expenses is an exceptional amount of £7.8million in relation to the costs of the changes in coaching staff and associated expenses.

The profit on the disposal of player registrations has shown an increase from £4.1million in 2009 to £22.8million in 2010.

Interest payable has shown a £4.8million increase over the 2009 figure. This is mainly as a result of the inclusion of costs in relation to the extension of bank facilities.

The impact of the above has resulted in the change from a loss before taxation of £16.1million in 2009 to a loss before taxation of £19.9million in 2010.

Directors' report *(continued)*

Balance Sheet

Intangible fixed assets have decreased from £121.9million in 2009 to £97.7million in 2010. The main element of this is the player registration movement from a net book value of £107.9million in 2009 to £85million in 2010. This is as a result of player acquisitions of £34.5million offset by the net book value of disposals of £17.2million and amortisation of £40.2million.

The remaining decrease in intangible assets of £1.3million is in relation to the amortisation of goodwill recognised on the acquisition of the business and assets of the Company's 100% subsidiary – Liverpoolfc TV Limited.

Tangible fixed assets have increased from £73.3million to £77.0million. This includes an amount of £2.5million of finance costs capitalised in relation to the new stadium project.

Within current assets significant additional investment was required in stock as a result of the change in kit sponsor.

Net debt has increased from £110.3million at 31 July 2009 to £123.4million at 31 July 2010. Included within the 31 July 2010 net debt figure is an intercompany debt of £104.6million. This has been eliminated post year end as a result of the change in ownership that occurred in October 2010. Further details of which can be found in the post balance sheet events note.

On the football pitch the Club finished seventh in the Premier League and lost in the semi final of the Europa Cup to Atletico Madrid (after being eliminated in the group stages of the Champions League).

There were also significant changes to the coaching staff during the financial year.

Results and dividend

The profit and loss account on page 9 shows a loss before taxation for the year of £19.9million (2009 loss of £16.1million). The directors do not recommend the payment of a dividend.

Strategy

The three key elements of the Company's strategy are to

- Improve football performance through a positive playing style, excellent football infrastructure and investment in young, talented players,
- Improve the fan experience and interaction with the Club, and
- Leverage the Club's global following to deliver revenue growth

Key performance indicators

The principal key performance indicators for 2009/10 are 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

Directors' report *(continued)*

Financial

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

Future developments

As detailed above, the post year end change in ownership has resulted in the intercompany debt being removed and Company funds will no longer be used to service any acquisition debt. The Company will continue with the many new initiatives to build on the growth already achieved in its commercial revenue. Indeed, commercial revenues for 2010/11 will include the income generated from the new Standard Chartered kit sponsorship agreement. This commenced in July 2010 and can generate up to £81million over a four year period.

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 brand 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 for the Company's exposure to price risk, credit risk, liquidity risk, interest rate risk and cash flow risk is set out below. The Company'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 Company'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 to assess whether further measures are required.
- **Credit risk**
The Company'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.

Directors' report *(continued)*

- **Interest rate risk**

The Company managed its interest rate risk by entering arrangements designed to fix the interest rate within an acceptable range

Employees

Within the bounds of commercial confidentiality, the Company endeavours to keep staff at all levels informed of matters that affect the progress of the Company and are of interest to them as employees

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

Directors

The directors who held office during the year were as follows

G N Gillett (resigned 15 October 2010)

F Gillett (resigned 15 April 2010)

T O Hicks (resigned 15 October 2010)

T O Hicks Jnr (resigned 11 January 2010)

C M C Purslow

P Nash (appointed 17 December 2009)

I Ayre (appointed 17 December 2009)

C Coffman (appointed 11 January 2010, resigned 15 April 2010)

M Broughton (appointed 15 April 2010, resigned 1 December 2010)

J Henry (appointed 15 October 2010)

T Werner (appointed 15 October 2010)

D Ginsberg (appointed 15 October 2010)

J Vinik (appointed 15 October 2010)

M Gordon (appointed 15 October 2010)

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report. The Company provided qualifying third party indemnity provisions to certain directors of associated companies during the financial year and at the date of this report

Political and charitable contributions

The Company made charitable donations of £151,000 during the year (2009 £55,000). No political donations were made in the current or prior year

The Company also has a fully funded community department that is actively involved with projects in the local area

Directors' report *(continued)*

Post balance sheet events

On 15 October 2010 Kop Football Limited sold 100% of the shares in the Company to Fenway Sports Group via the UK holding company set up for this purpose – UKSV Holdings Company Limited. UKSV also acquired the intercompany loan debtor from Kop Football Limited on the same day and immediately released the Company from all of its obligations and liabilities owed to it. The intercompany debt has therefore been eliminated from this date with a credit being made to reserves.

As a result of the change in ownership, RBS entered into a new agreement with UKSV to provide the Company with £92million of facilities for working capital and stadium development. In addition, the Company has been extinguished of its liability in respect of £3.3million of finance costs recognised in the year ended 31 July 2010.

Following the acquisition of the Company subsequent to the year end, the new owners are currently evaluating the best course of action with regard to the stadium. Whilst this review process has not been completed at the date of signing the accounts it is highly likely there will be a significant write-off of the new stadium project costs in the financial year ending 31 July 2011.

There have been acquisitions to the playing staff since the year end for total transfer fees of £76.2million. In addition, the Club has sold playing staff for total guaranteed fees of £76.1million. There was also a change in coaching staff in January 2011 with Kenny Dalglish taking over from Roy Hodgson as Team manager. The cumulative effect on the profit and loss account in relation to the gains on sales of players and compensation payments made to coaching staff is a £46.5million profit.

Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Philip Nash
Director
Anfield Road
Liverpool
L4 0TH
United Kingdom

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 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 Company and of the profit or loss of the Company for that period. In preparing these 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 Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions



KPMG LLP

8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditors' report to the members of The Liverpool Football Club and Athletic Grounds Limited for the year ended 31 July 2010

We have audited the financial statements of The Liverpool Football Club and Athletic Grounds Limited for the year ended 31 July 2010 set out on pages 9 to 30. 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 auditors' 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 6, 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 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 July 2010 and of its loss 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of The Liverpool Football Club and Athletic Grounds Limited for the year ended 31 July 2010
(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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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
Liverpool
L3 1QH

28 February 2011

Profit and Loss Account
for the year ended 31 July 2010

	Note	Operations excluding player amortisation and trading £000	Player amortisation and trading £000	2010 £000	2009 £000
Turnover	2	184,542	-	184,542	177,324
Cost of sales		(19,756)	-	(19,756)	(19,596)
Gross profit		164,786	-	164,786	157,728
Other operating income	3	297	-	297	657
Administrative expenses before exceptional costs	4	(142,168)	(40,231)	(182,399)	(161,661)
Administrative expenses – exceptional costs	5	(7,775)	-	(7,775)	(4,332)
Total administrative expenses		(149,943)	(40,231)	(190,174)	(165,993)
Operating profit/(loss)		15,140	(40,231)	(25,091)	(7,608)
Profit on disposal of players' registrations		-	22,836	22,836	4,096
Profit/(loss) before interest and taxation		15,140	(17,395)	(2,255)	(3,512)
Other interest receivable and similar income	6			73	366
Interest payable and similar charges	7			(17,698)	(12,938)
Loss on ordinary activities before taxation				(19,880)	(16,084)
Tax on profit on ordinary activities	9			(55)	2,051
Loss for the financial year				(19,935)	(14,033)

All amounts relate to continuing operations

The Company has no recognised gains and losses for the year other than the loss stated above, therefore no separate statement of gains and losses has been prepared


The notes on pages 12 to 30 form part of the financial statements

Balance Sheet
at 31 July 2010

	<i>Note</i>	2010 £000	£000	2009 £000	£000
Fixed assets					
Intangible assets	<i>10</i>		97,736		121,911
Tangible assets	<i>11</i>		77,038		73,339
Investments	<i>13</i>		15,890		15,890
			<hr/>		<hr/>
			190,664		211,140
Current assets					
Stocks	<i>14</i>	10,824		3,882	
Debtors [including £7.2million (2009 £1.9million) due after more than one year]	<i>15</i>	31,240		28,477	
Cash at bank and in hand		18,928		27,157	
			<hr/>		<hr/>
Creditors: amounts falling due within one year	<i>16</i>	60,992 (226,665)		59,516 (226,506)	
			<hr/>		<hr/>
Net current liabilities			(165,673)		(166,990)
			<hr/>		<hr/>
Total assets less current liabilities			24,991		44,150
Creditors: amounts falling due after more than one year	<i>16</i>		(30,887)		(30,111)
Provisions for liabilities	<i>17</i>		-		-
			<hr/>		<hr/>
Net (liabilities)/assets			(5,896)		14,039
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	<i>20</i>		174		174
Share premium account	<i>21</i>		32,882		32,882
Profit and loss account	<i>21</i>		(38,952)		(19,017)
			<hr/>		<hr/>
Shareholders' funds			(5,896)		14,039
			<hr/>		<hr/>

The notes on pages 12 to 30 form part of the financial statements

These financial statements were approved by the board of directors on 28 February 2011 and were signed on its behalf by


Philip Nash
 Director

Cash Flow Statement
for the year ended 31 July 2010

	<i>Note</i>	2010 £000	2009 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating loss		(25,091)	(7,608)
Depreciation charges		2,191	1,920
Transfer of deferred credits	18	(217)	(232)
Loss/(profit) on disposal of tangible fixed assets		514	(64)
Amortisation and impairment of players' registrations		40,231	38,677
Amortisation of goodwill		1,272	-
(Increase)/decrease in stocks		(6,942)	155
Decrease/(increase) in debtors		2,809	(5,223)
Increase in creditors		8,493	8,846
		<hr/>	<hr/>
Net cash inflow from operating activities		23,260	36,471
		<hr/> <hr/>	<hr/> <hr/>
Cash flow statement			
Cash flow from operating activities		23,260	36,471
Returns on investments and servicing of finance	23	(2,813)	(3,233)
Taxation		(18)	(139)
Capital expenditure and financial investment	23	(16,788)	(50,458)
Acquisitions and disposals		-	5,308
		<hr/>	<hr/>
Cash inflow/(outflow) before financing		3,641	(12,051)
Financing	23	(11,590)	23,018
		<hr/>	<hr/>
(Decrease)/increase in cash in the year		(7,949)	10,967
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year		(7,949)	10,967
Cash inflow/(outflow) from increase/(decrease) in borrowings		5,528	(25,094)
Repayment of finance lease and hire purchase contracts		132	323
		<hr/>	<hr/>
Change in net debt resulting from cash flows		(2,289)	(13,804)
Interest accrued on intercompany balance		(9,608)	(9,340)
Capitalisation of finance costs		5,930	1,753
Finance costs amortised	24	(7,153)	(2,864)
		<hr/>	<hr/>
Movement in net debt in the year		(13,120)	(24,255)
Net debt at 31 July 2009		(110,272)	(86,017)
		<hr/>	<hr/>
Net debt at 31 July 2010		(123,392)	(110,272)
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

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

Going concern

At the year end the Company's then ultimate UK parent, Kop Football (Holdings) Limited, had a credit facility with Royal Bank of Scotland ("RBS") and Wachovia Bank ("Wachovia") totalling £297million of which £251million had been utilised as at 31 July 2010. Of the total facility £97million was available to the Company and £51million had been utilised as at 31 July 2010. The Company also had an intercompany loan totalling £105million due within one year with its immediate parent company Kop Football Limited.

Following the acquisition of the Company on 15 October 2010 by Fenway Sports Group the Company's participation in the Kop Football (Holdings) Limited facility ceased, leaving a revised Company facility of £92million which is due for repayment on 31 May 2011. The composition of this facility is set out in note 27. On 31 January 2011 £86.6million of this facility had been utilised. In addition the Company was released from all of its obligations and liabilities in respect of the intercompany loan.

The directors have held discussions with the Company's current principal lender about the Company's future borrowing needs and no matters have been drawn to its attention to suggest that a refinancing will not be forthcoming on acceptable terms. In contemplation of revised debt facilities the directors have prepared detailed cash flow forecasts to July 2012. On-field results in the Premier League, Europe and domestic cup competitions, together with the level of TV coverage, are key assumptions in these forecasts and relevant sensitivities have been applied. Furthermore the directors have considered the legal proceedings between the Company's previous owners, the Company's directors and the principal lender in relation to the acquisition and do not believe they will have an adverse effect on the financial position of the Company.

Based on the above, the directors have a reasonable expectation that they will secure adequate resources to enable the Company to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

As the Company is a wholly owned subsidiary of Kop Football Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Kop Football Holdings Limited, within which this Company is included, can be obtained from the address given in note 26.

Notes *(continued)*

1 Accounting policies (continued)

Turnover and revenue recognition

Turnover represents income receivable from the Company'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 Company 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.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of the Company's goodwill is 11 years.

Tangible fixed assets and depreciation

Depreciation is provided on the cost of fixed assets appropriate to their estimated useful lives as follows:

Freehold/long leasehold buildings	2%-20%	Stands, fixtures, fittings and equipment	10%-33%
Youth Academy	2%	Motor vehicles	20%
Training Ground	2%	Computers	25%

Freehold and long leasehold land is not depreciated. Costs in connection with the new stadium have not been depreciated as it is classed as an asset under construction. Cost includes directly attributable finance costs. All other classes of tangible fixed assets are depreciated on a straight-line basis at the rates stated above, except for fixtures, fittings and equipment which are depreciated using the reducing balance method. The historical cost of the existing stadium is included under the heading "stands, fixtures, fittings and equipment" shown in note 11. The useful economic life of the existing stadium has been reviewed. Previously the existing stadium was being depreciated until 2013. This has been revised to 5 years to 2014 including the year under review. The difference between its carrying value and the expected residual value will be provided for on a straight-line basis over the revised useful economic life.

Notes (continued)

1 Accounting policies (continued)

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

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.

Taxation

The charge for taxation is based on the profit/loss for the year 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".

Notes (continued)

1 Accounting policies (continued)

Pensions

The Company operates its own contributory defined contribution scheme which is managed by Norwich Union. 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 Company 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 Company 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 Company 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 accounts received on sales of season tickets, sponsorship income and corporate income. These amounts will be released to the profit and loss account over the period for which the income relates.

Deferred credits

Deferred credits relate to grants receivable from The Football Trust in relation to the stadium improvements and 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 Company'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 Company facilities have been recognised as incurred within interest payable and similar charges.

Notes (continued)

1 Accounting policies (continued)

Other operating income

Other operating income includes donations from Development Associations - this income is recognised when the final year donation is advised by the relevant Association

2 Analysis of turnover

	2010	2009
	Turnover	Turnover
	£000	£000
<i>By activity</i>		
Media	79,609	74,596
Matchday	42,858	42,462
Commercial	62,075	60,266
	<u>184,542</u>	<u>177,324</u>

By geographical market

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

United Kingdom	181,339	173,026
Rest of World	3,203	4,298
	<u>184,542</u>	<u>177,324</u>

Notes (continued)

3 Other operating income

	2010	2009
	£000	£000
Other operating income comprises		
Donations from Development Associations	231	650
Rent receivable	66	7
	<hr/>	<hr/>
	297	657
	<hr/> <hr/>	<hr/> <hr/>

4 Administrative expenses – before exceptional costs

	2010	2009
	£000	£000
<i>Operations excluding player amortisation and trading*</i>		
Depreciation of tangible fixed assets		
Owned by the Company	2,059	1,795
Held under finance leases and hire purchase contracts	132	125
Loss/(profit) on disposal of tangible fixed assets	514	(64)
Amortisation of goodwill	1,272	-
Staff costs (note 8)	114,315	96,127
Grants released	(217)	(232)
Other operating charges	23,099	24,182
Operating lease rentals – land and buildings	905	906
Operating lease rentals – other	34	95
Auditors' remuneration	55	50
	<hr/>	<hr/>
	142,168	122,984
Player amortisation and trading		
Amortisation of players' registrations	39,932	37,434
Impairment of players' registrations	299	1 243
	<hr/>	<hr/>
	182,399	161,661
	<hr/> <hr/>	<hr/> <hr/>

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of Kop Football Holdings Limited

Notes (continued)

5 Administrative expenses – exceptional costs

	2010	2009
	£000	£000
Termination payments and associated costs	7,775	4,332

Exceptional costs include amounts payable to former employees and other costs in relation to the change in coaching staff in the close season

6 Other interest receivable and similar income

	2010	2009
	£000	£000
Bank interest	72	365
Other	1	1
	<u>73</u>	<u>366</u>

7 Interest payable and similar charges

	2010	2009
	£000	£000
On bank loan and overdrafts	4,530	6,338
Finance charges under finance leases and hire purchase contracts	16	42
Payable to group undertakings	9,608	9,340
Other	101	63
Other finance costs	5,956	-
	<u>20,211</u>	<u>15,783</u>
Less finance costs capitalised	(2,513)	(2,845)
	<u>17,698</u>	<u>12,938</u>

Included within interest on bank loans and overdrafts are amortised finance costs of £1.3 million (2009 £2.9 million) which are being amortised in accordance with FRS 4 "Capital Instruments"

Finance costs have been capitalised into tangible fixed assets at a rate of LIBOR plus 4.5%, which is the rate incurred on the stadium facility with RBS

Other finance costs include the costs incurred in relation to the short term extensions to the Company facilities (see note 16)

Notes *(continued)*

8 Directors and employees

	2010	2009
	£000	£000
The directors of the Company received the following remuneration		
Emoluments (excluding pension contributions)	1,819	1,371
Aggregate payments to defined contribution schemes	21	57
Compensation for loss of office	-	3,000
	<u> </u>	<u> </u>
Highest paid director's remuneration		
Emoluments	750	4,238
Company pension contributions	-	57
	<u> </u>	<u> </u>
	750	4,295
	<u> </u>	<u> </u>

At 31 July 2010, no director had retirement benefits accruing under defined contribution pension schemes (2009 nil)

	2010	2009
	Number	Number
During the year, the average number of full-time employees (including directors) was as follows		
Players, managers and coaches	138	142
Ground and maintenance staff	55	57
Administration, commercial and other	284	217
	<u> </u>	<u> </u>
	477	416
	<u> </u>	<u> </u>

Full-time employees are those employed for more than 20 hours per week. In addition, the Company employed on match days on average 895 part-time employees (2009 840). The Company also employs an additional 114 part-time scouts and coaches (2009 104).

	2010	2009
	£000	£000
Aggregate amounts for both staff and directors charged in respect of		
Wages and salaries	108,549	88,691
Social security costs	12,009	10,438
Pension costs	527	1,330
	<u> </u>	<u> </u>
	121,085	100,459
	<u> </u>	<u> </u>

Notes (continued)

9 Taxation

Analysis of charge in the year

	2010 £000	2009 £000
<i>Current tax</i>		
Payment for group relief received	-	-
Foreign tax	55	96
Adjustments in respect of prior periods	-	6
	<u>55</u>	<u>102</u>
<i>Deferred tax (see note 17)</i>		
Origination and reversal of timing differences	-	(2,153)
	<u>55</u>	<u>(2,051)</u>

The tax assessed for the year differs from the loss for the year multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

Loss on ordinary activities before taxation	(19,880)	(16,084)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	(5,567)	(4,504)
Effects of		
Adjustment to tax in respect of previous years		6
Expenses not deductible for tax purposes/income not taxable	430	474
Depreciation in excess of capital allowances	731	532
Amortisation in excess of tax claims	1,040	1,171
Reversal of provisions	-	-
Effective change in rate on losses	-	-
Movement in tax losses	3,366	2,423
Foreign tax paid	55	-
	<u>55</u>	<u>102</u>

The Company has losses available to be offset against future profits amounting to £43.3 million

Following the substantive enactment of the 2010 Finance Bill, the rate of Corporation Tax in the UK will decrease from 28% to 27% with effect from 1 April 2011. This may impact the rate at which deferred tax assets are recovered.

Notes *(continued)*

10 Intangible fixed assets

	Players' registrations £000	Goodwill £000	Total £000
<i>Cost</i>			
At 1 August 2009	180,920	13,994	194,914
Additions	34,556	-	34,556
Disposals	(42,886)	-	(42,886)
	<hr/>	<hr/>	<hr/>
At 31 July 2010	172,590	13,994	186,584
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 August 2009	73,003	-	73,003
Charged in year	40,231	1,272	41,503
On disposals	(25,658)	-	(25,658)
	<hr/>	<hr/>	<hr/>
At end of year	87,576	1,272	88,848
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 July 2010	85,014	12,722	97,736
	<hr/>	<hr/>	<hr/>
At 31 July 2009	107,917	13,994	121,911
	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Tangible fixed assets

	Land and buildings		Stands, fixtures, fittings & equipment £000	Motor vehicles £000	Assets in course of construction £000	Total £000
	Freehold £000	Long leasehold £000				
Cost						
At 1 August 2009	22,430	3	51,541	768	45,515	120,257
Additions	-	-	3,875	97	2,850	6,822
Disposals	-	-	(532)	(674)	-	(1,206)
	<u>22,430</u>	<u>3</u>	<u>54,884</u>	<u>191</u>	<u>48,365</u>	<u>125,873</u>
Depreciation						
At 1 August 2009	12,468	-	34,191	259	-	46,918
Charge for year	189	-	1,972	30	-	2,191
Impairment losses	-	-	-	-	-	-
On disposals	-	-	(66)	(208)	-	(274)
	<u>12,657</u>	<u>-</u>	<u>36,097</u>	<u>81</u>	<u>-</u>	<u>48,835</u>
Net book value						
At 31 July 2010	<u>9,773</u>	<u>3</u>	<u>18,787</u>	<u>110</u>	<u>48,365</u>	<u>77,038</u>
At 31 July 2009	<u>9,962</u>	<u>3</u>	<u>17,350</u>	<u>509</u>	<u>45,515</u>	<u>73,339</u>

The net book amount of stands, fixtures, fittings and equipment includes £15,386 (2009 £373,794) in respect of assets held under finance leases or hire purchase contracts

Contracted capital commitments at 31 July 2010, for which no provision has been made in these financial statements, amount to £1,595,000 (2009 £152,000)

During the year the Company committed a further £2.9 million to the planning, design and enabling works of its new stadium project giving a total £48.4 million carried forward under the heading of assets in the course of construction. At the year end the directors were confident at that time that a new stadium would be funded and completed and were fully committed to the project.

Following the acquisition of the Company subsequent to the year end, the new owners are currently evaluating the best course of action with regard to the stadium. Whilst this review process has not been completed at the date of signing the accounts it is highly likely there will be a significant write-off of the new stadium project costs in the financial year ending 31 July 2011.

The directors continue to monitor the useful economic life of the existing stadium which they consider to be 5 years including the current year. The difference between the current carrying value and the expected residual value as at 31 July 2014 will be fully provided for over this period, on a straight-line basis. In the prior year the stadium was being depreciated to a residual value as at 31 July 2013.

Included in the cost of tangible fixed assets is £6,781,233 (2009 £4,268,000) in respect of capitalised finance costs.

Notes (continued)

12 Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2010 Land and buildings £000	Other £000	2009 Land and Buildings £000	Other £000
Operating leases which expire				
Within one year	-	2	-	1
In the second to fifth years inclusive	-	7	43	11
Over five years	1,413	-	828	-
	<u>1,413</u>	<u>9</u>	<u>871</u>	<u>12</u>

13 Fixed asset investments

Shares in group
undertakings
£000

Cost and net book value

At 1 August 2009 and 31 July 2010

15,890

The investment carrying of £15.9million represents the cost of acquiring the entire share capital of Liverpoolfc tv Limited. This Company is now dormant following the transfer of the trade and assets to the Company in July 2009. The net assets of Liverpoolfc tv Limited as at 31 July 2010 were £20.0million.

Other dormant companies

LFC Properties Ltd	LFC Television Ltd	LFC Financial Services Ltd	Liverpool Ltd
LFC Leisure Ltd	LFC TV Ltd	LFC Travel Ltd	Liverpool FC Ltd
LFC Services Ltd	LFC Ltd	Liverpool Football Club Ltd	Anfield Arena Ltd

Joint venture

The Company owns 50% of the shares of Stanley Park Limited. The remaining 50% is held by Liverpool City Council. Stanley Park Limited did not trade during the year.

14 Stocks

	2010 £000	2009 £000
Goods for resale	<u>10,824</u>	<u>3,882</u>

Notes (continued)

15 Debtors

	2010 £000	2009 £000
Trade debtors	22,153	23,980
Other debtors	884	591
Prepayments and accrued income	8,203	3,906
	<u>31,240</u>	<u>28,477</u>

Debtors include trade debtors of £7.2 million (2009 £1.9 million) due after more than one year

16 Creditors

	2010 £000	2009 £000
Amounts falling due within one year		
Bank loans and overdrafts	37,748	36,525
Trade creditors	26,556	35,504
Amounts owed to group undertakings	104,557	100,757
Other taxation and social security	13,839	13,889
Net obligations under finance lease and hire purchase contracts	15	132
Other creditors	637	400
Accruals	11,026	10,855
Deferred credits (note 18)	332	232
Deferred income	31,955	28,212
	<u>226,665</u>	<u>226,506</u>

When the bank loans were arranged (25 January 2008) and subsequently refinanced there were finance costs which, under FRS4, Capital Instruments, are capitalised and amortised to the profit and loss account over the term of the finance to which they relate. During the year £1.3 million (2009 £2.9 million) of costs were amortised to the profit and loss account.

Bank loans due within one year are stated net of issue costs of £nil (2009 £1.2 million)

Included within amounts owed to group undertakings and joint venture is an amount of £104.6 million (2009 £100.8 million) due to Kop Football Limited which was payable on demand. However within the terms of the loan agreement Kop Football Limited could not demand repayment if to do so would cause the Company to become insolvent.

On 15 October 2010 this intercompany loan balance was sold by Kop Football Limited to UKSV Holdings Company Limited ("UKSV"). UKSV immediately released the Club from all of its obligations and liabilities under this agreement. The intercompany creditor has therefore been eliminated from this date with a credit being made to reserves.

Finance leases and hire purchase creditors are secured on the assets concerned.

Notes (continued)

16 Creditors (continued)

	2010 £000	2009 £000
Amounts falling due after more than one year		
Trade creditors	5,167	7,660
Amounts owed to group undertakings	20,001	20,001
Net obligations under finance lease and hire purchase contracts	-	15
Other creditors and accruals	1,548	1,738
Accruals	2,764	-
Deferred credits (note 18)	1,407	697
	<u>30,887</u>	<u>30,111</u>

The bank loans and overdrafts are repayable as follows

	2010 £000	2009 £000
Bank loans	37,748	37,471
Less issue costs	-	(1,226)
	<u>37,748</u>	<u>36,245</u>
Overdrafts	-	280
	<u>37,748</u>	<u>36,525</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows

	2010 £000	2009 £000
Within one year	15	132
In the second to fifth years	-	15
	<u>15</u>	<u>147</u>
Less future finance charges		

The credit facilities in place at the year end with RBS were part of a combined facility with Kop Football Limited ("Kop") This provided for £97million of availability to the Company for working capital and new stadium development This facility was secured on the Company's assets

The credit facility was due for repayment on 24 January 2010 and after several short term amendments extending the facilities until April 2010, the Company facilities were extended until 31 May 2011

As a result of the change in ownership on 15 October 2010, RBS then entered into a new agreement with UKSV Holdings Company Limited to provide the Company with £92million of facilities for working capital and new stadium development

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

Notes (continued)

17 Provisions for liabilities

Deferred tax	2010	2009
	£000	£000
This comprises deferred taxation attributable to		
Accelerated capital allowances	71	813
Other timing differences	(1,319)	(763)
Roll over claims in intangible fixed assets	5,753	2,453
	<hr/>	<hr/>
	4,505	2,503
Less losses available	(4,505)	(2,503)
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

The movements in deferred tax balances during the year were as follows

	2010	2009
	£000	£000
At beginning of year	-	2,153
Credit to profit and loss account	-	(2,153)
	<hr/>	<hr/>
At end of year	-	-
	<hr/> <hr/>	<hr/> <hr/>

The Company has tax losses to carry forward of £43.3million. A deferred tax asset of £7.6million 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 Deferred credits

	2010	2009
	£000	£000
At beginning of year	929	1,161
Received during the year	1,027	-
Credited to profit and loss account	(217)	(232)
	<hr/>	<hr/>
At end of year	1,739	929
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

19 Contingent liabilities and assets

Additional transfer fees payable of £10,388,122 (2009 £13,677,872) will arise if certain conditions in transfer contracts at 31 July 2010 are fulfilled. 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 £430,000 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 July 2010 the maximum amount that could be received is £4,704,620 (2009 £6,057,298). Since the year end £302,311 of contingent assets have crystallised.

20 Called up share capital

	2010 £	2009 £
<i>Authorised</i>		
50,000 Ordinary shares of £5 each	250,000	250,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
34,823 Ordinary shares of £5 each	174,115	174,115
	<u> </u>	<u> </u>

21 Reserves

	Share Premium account £000	Profit and loss account £000
The movement on reserves during the year was as follows		
At 31 July 2009	32,882	(19,017)
Loss for the year	-	(19,935)
	<u> </u>	<u> </u>
At 31 July 2010	32,882	(38,952)
	<u> </u>	<u> </u>

22 Shareholders' funds

	2010 £000	2009 £000
The reconciliation of movements in shareholders' funds was as follows		
Loss for the year	(19,935)	(14,033)
Opening shareholders' funds	14,039	28,072
	<u> </u>	<u> </u>
Closing shareholders' funds	(5,896)	14,039
	<u> </u>	<u> </u>

Notes (continued)

23 Gross cash flows

	2010 £000	2009 £000
Returns on investment and servicing of finance		
Interest received	73	366
Interest paid	(2,870)	(3,557)
Interest element of finance leases and hire purchase contracts	(16)	(42)
	<u>(2,813)</u>	<u>(3,233)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(5,354)	(21,473)
Proceeds from the sale of tangible fixed assets	418	130
Payments to acquire intangible fixed assets	(46,650)	(66,525)
Proceeds from sale of intangible fixed assets	34,798	42,660
Payments to acquire investments	-	(5,250)
	<u>(16,788)</u>	<u>(50,458)</u>
Acquisitions and disposals		
Cash acquired on purchase of trade and assets	-	5,308
Financing		
New bank loans	280	13,588
(Repayment of)/New intercompany debt	(5,808)	11,506
Costs of raising finance	(5,930)	(1,753)
Capital element of finance leases and hire purchase contracts	(132)	(323)
	<u>(11,590)</u>	<u>23,018</u>

Notes (continued)

24 Analysis of net debt

	At 1 August 2009 £000	Cash flow £000	Finance cost capitalisation £000	Amortisation of finance costs £000	Non cash flows £000	At 31 July 2010 £000
Cash in hand, at bank	27,157	(8,229)	-	-	-	18,928
Overdrafts	(280)	280	-	-	-	-
	<u>26,877</u>	<u>(7,949)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,928</u>
Debt due after one year	(36,245)	(280)	5,930	(7,153)	-	(37,748)
Debt due within one year	-	-	-	-	-	-
	<u>(36,245)</u>	<u>(280)</u>	<u>5,930</u>	<u>(7,153)</u>	<u>-</u>	<u>-</u>
Intercompany debt	(100,757)	5,808	-	-	(9,608)	(104,557)
Finance leases	(147)	132	-	-	-	(15)
	<u>(110,272)</u>	<u>(2,289)</u>	<u>5,930</u>	<u>(7,153)</u>	<u>(9,608)</u>	<u>(123,392)</u>

25 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 year amounted to £449,000 (2009 £486,000)

Defined benefit scheme

The Company has been advised only of its share of the deficit arising on the defined benefit section of The Football League Ltd Pension and Life Assurance Scheme (the "Scheme") following its suspension on 31 August 1999. The latest actuarial valuation of the Scheme was on 31 August 2008 which revealed an increased deficit. The Scheme's Trustees have stated that the contribution required from the Company to make good this deficit was £1,924,623 at 31 July 2009. The creditor in the accounts was increased accordingly. The revised deficit is payable over a period of 10 years, which commenced in September 2009. The liability is accrued within other creditors.

A summary of the movements is shown below

	2010 £000	2009 £000
Creditor at 1 August 2009	1,925	1,256
Payments in year	(186)	(122)
Increase in creditor	-	791
	<u>1,739</u>	<u>1,925</u>

Notes (continued)

26 Ultimate parent Company and parent undertaking of larger group of which the Company is a member

At the year end the Company was a subsidiary undertaking of Kop Investment LLC which is the ultimate parent Company incorporated in the United States of America. The ultimate controlling parties of Kop Investment LLC are George N Gillett Jnr and Thomas O Hicks.

The largest group in which the results of the Company are consolidated is that headed by Kop Football (Holdings) Limited incorporated in the United Kingdom. No other group financial statements include the results of the Company.

The consolidated financial statements of Kop Football (Holdings) Limited are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

On 15 October 2010, the Company became a subsidiary undertaking of NESVI LLC (*subsequently known as Fenway Sports Group*) which is the ultimate parent Company incorporated in the United States of America. The largest group in which the results of the Company will be consolidated will be UKSV Holding Company Limited which is incorporated in the United Kingdom. The first set of consolidated accounts for the new UK group will be for the period ending 31 July 2011.

27 Post balance sheet events

On 15 October 2010 Kop Football Limited sold 100% of the shares in the Company to Fenway Sports Group via the UK holding company set up for this purpose – UKSV Holdings Company Limited. UKSV also acquired the intercompany loan debtor from Kop Football Limited on the same day and immediately released the Company from all of its obligations and liabilities owed to it. The intercompany debt has therefore been eliminated from this date with a credit being made to reserves.

As a result of the change in ownership, RBS entered into a new agreement with USKV to provide the Company with £92million of facilities. These facilities comprise a working capital revolver of £20million, a stadium term debt facility of £47million and a letters of credit facility of £25million. In addition, the Company has been extinguished of its liability in respect of £3.3million of finance costs recognised in the year ended 31 July 2010.

Following the acquisition of the Company subsequent to the year end, the new owners are currently evaluating the best course of action with regard to the stadium. Whilst this review process has not been completed at the date of signing the accounts it is highly likely there will be a significant write-off of the new stadium project costs in the financial year ending 31 July 2011.

There have been acquisitions to the playing staff since the year end for total transfer fees of £76.2million. In addition, the Club has sold playing staff for total guaranteed fees of £76.1million. There was also a change in coaching staff in January 2011 with Kenny Dalglish taking over from Roy Hodgson as Team manager. The cumulative effect on the profit and loss account in relation to the gains on sales of players and compensation payments made to coaching staff is a £46.5million profit.