

Ipswich Town Football Club Company Limited

30 June 2001

Directors' report and financial statements

Registered number 315421



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Company information

Chairman	David R Sheepshanks
Board of Directors	John Kerr MBE DL Richard J Moore Philip W Hope-Cobbold Roger J Finbow Rt. Hon Lord Ryder OBE PC
Vice Presidents	Kenneth H Brightwell Harold R Smith
Secretary	David C Rose
Manager	George E Burley
Commercial Director	Paul A Clouting
Director of Finance	Mike D Cooper
Director of Communications	Alesha I Gooderham
Registered Office	Portman Road Ipswich IP1 2DA
Company Registration Number	315421
Bankers	Barclays Bank Plc 1 Princes Street Ipswich IP1 1PB
Auditors	KPMG 6 Lower Brook Street Ipswich IP4 1AP
Solicitors	Prettys Solicitors Elm House 25 Elm Street Ipswich IP1 2AD

Chairman's report

INTRODUCTION

The Season 2000/01 stands among the most successful in the history of the Club and as a consequence this Annual Report to which it relates shows the best financial position that has ever been recorded by the Club.

FINANCIAL REVIEW

In the 13 month period to June 30th, it is very pleasing to report a net profit before tax of £2.3 million on a turnover of £31.3 million

Income

The massive growth in turnover from last year's level of £10 million emanates from our return to Premiership status, with the largest increase being in central broadcasting and sponsorship revenue from the FA Premier League. To illustrate this growth, in our previous financial year our total central receipts from the Football League were £1.2 million whereas last season we received £18.5 million from the Premier League. This amount breaks down broadly into four areas: a basic award of £6.3 million, payments for televised games of £4.0 million, a merit award (based on finishing 5th) of £5.4 million and a share of League sponsorships of £2.8 million. The new three year television deal, which commenced in August 2001, will lead to future increases in the basic award while other increases depend on the number of live television appearances and final League position.

Wages and Bonuses

Total wages have increased by £9.1 million to £17.6 million in the 13 month period, up from £8.5 million in our last season in the Football League, another clear indication of the different cost base that operates at Premiership level.

Transfers

During the period the Club paid approximately £9 million to strengthen the squad (bringing in seven players) and sold David Johnson for net proceeds of £2.6 million. These purchases and others late in the previous season, have led directly to a 270% increase in the amortisation charge, from £1.8 million to £4.6 million. To remind shareholders, this is the transfer cost of players written off over the length of their contracts. This figure will continue to increase as further squad strengthening continues after the year end.

Profit

In line with best accounting practice, the Profit and Loss Account Statement on page 11 now shows the operating position both before and after Player Trading, demonstrating an Operating Profit pre-Player Trading of £5.7 million. This is a remarkable result. However, Shareholders should appreciate this was enhanced by a lower cost base than will be possible in future in the Premiership, the Club having recently been promoted. A fifth place finish has further improved the figures, with income of £336,000 being paid for each higher position attained at the season's end.

Change of Year End

The other major feature of these Financial Statements is the change of Year End to 30th June, resulting in the reporting of a 13 month period. The Directors considered this carefully and concluded that 30th June is more appropriate as it coincides with the end of Players' contract terms and 1st July better signifies the start of the new pre-season. Eight FAPL Clubs now similarly report their year ends effective 30th June.

Balance Sheet

The Balance Sheet has been transformed, however, it must be emphasised that it depicts a position in the middle of a major capital building programme and prior to a major refinancing.

Fixed Assets have increased significantly, but so have short-term Creditors and therefore so have Net Current Liabilities. This creates only a partial picture of the Company's current state of health as firstly Intangible Assets (also increased) do not include the value of home grown players and secondly, because the post Balance Sheet refinancing (in the shape of a £25 million, 25 year Bond issue) transforms the position. Without such a long-term financing arrangement, as capital expenditure and player purchases increased, there would have been further pressure on our short and medium term borrowings.

In the period to 30 June 2001, overdraft levels increased and we secured term loans to cover the South Stand construction. Completion of the Bond this August has put our borrowings on a secure, longer term footing. Accordingly a proportion of funds derived from the Bond have been used to repay existing term loans and overdraft with the balance being fully utilised to build the North Stand. We now enjoy long term funding to match the long term nature of our major areas of capital expenditure – the North and South Stands and the new Training Centre facility.

Corporation Tax

Another feature of our accounts is the Corporation Tax of £1.2 million due for payment in March. This is the first year for some time that we have had a corporation tax charge. The sum of approximately £1.2 million is calculated at 30% on taxable profits after allowing for the last of the tax losses brought forward from previous years. This amount is higher than 30% of our profit before tax – mainly because the North Stand demolition loss of £770,000 is not tax allowable. Whilst regretting the need to pay tax, it is an indicator of our financial success in the period.

PROPERTY & STADIUM DEVELOPMENT

During the year several major construction projects have been undertaken at the Stadium and the Training Centre. This work, which has continued in the current season, includes:

Greene King Stand

Completion of the new upper tier of the South Stand. Many of the 4,398 extra seats were in place at the end of last season while the remaining seats, the new Galleria Restaurant and Legends Bar facilities were completed this autumn.

North Stand

Following the granting of planning permission, the confirmation of funding in April and our retained Premiership status that crystallised the demand for further capacity, the Club was able to proceed with the development of a new two-tier North Stand. Demolition of the old stand took place before the end of the financial period. The old stand had been valued at £770,000 as part of the full valuation that took place in April 2000, and thus the demolition has led to a “loss” arising in the financial statements as clearly there was no asset at 30th June! This has been recorded in the profit and loss account as a deduction from operating profit, with a corresponding transfer to the Revaluation Reserve recorded in the Reserve movements (page 24). Since the year end, construction of the new stand has continued on schedule, with the Club able to anticipate a ground capacity of over 30,000 by the end of the current season.

Although Planning Permission was granted by Ipswich Borough Council, there has been a challenge by a local resident to the legality of that Planning Permission and this continues to be the subject of a possible Judicial Review, despite the fact that one High Court Judge has already dismissed the challenge, confirming that Ipswich Borough Council acted perfectly properly in not requiring an Environmental Impact Assessment (EIA).

Legal Counsel acting on behalf of the Club and Ipswich Borough Council are confident on the correctness of the Planning process, however, at the time of writing this report we await the outcome of a further hearing before the Court of Appeal on 31 October. I will be able to update shareholders on this matter at the Annual General Meeting.

Training Centre

Given the importance to this Club of player coaching at all ages, and our emphasis on Youth Development at our Academy, the Board decided that it was a sound investment to pay approaching £2 million for the acquisition of playing fields and the building of a new Training Centre at Playford Road. The Club now possesses some of the finest training facilities in the country.

Other Work

Once the 25 year bond was in place, providing funds for such capital expenditure, the Board considered it wise while building contractors were on site, to “bite the bullet” and undertake other improvements to the Ground. These include the redesign of the entrance and Reception of the Club, the relocation of the Ticket office and the Community section, the provision of a new synthetic and floodlit surface on the Portman Road practice pitch and a new Players’ Lounge, releasing further necessary office space in the main building.

FINANCIAL POSITION – POST 30 JUNE 2001

Since our Year End there have been several very significant transactions in Player Trading, while the Building Programme at both the Stadium and the Training Ground have been ongoing.

The new collective TV and Sponsorship deals have come fully into force further enhancing revenue potential although, as mentioned earlier; the full benefit is heavily geared on merit; favouring teams the higher they finish in the table.

TRANSFER ACTIVITY

With all Ground and Stadium expenditure separately funded, the budget for the current season has allowed the Board to commit very substantial funds for the Manager to recruit new players.

In December we bade farewell to David Johnson, who served this Club well during our push for promotion and also Manuel Thetis, John Scales, Neil Midgeley, Stuart Niven and Stephen Moffat.

On behalf of the shareholders and all supporters, I would like to thank them and wish them well in their future careers.

Since the Year End we have also seen the departure of Richard Wright and James Scowcroft and I would particularly like to pay tribute to their contributions, as two home-grown, Suffolk-born players who have progressed to the top level of English football whilst at Ipswich Town.

Arriving at the Club during the period were Martjin Reuser (previously on loan), Herman Hreidarsson, Alun Armstrong, Chris Makin, Amir Karic, Nabil Abidallah and Guillermo Graaven.

Since the year end we have been joined by Pablo Counago, Andy Marshall, Tommy Miller, Finidi George, Matteo Sereni, Thomas Gaardsoe and Sixto Peralto (on loan for one year).

We welcome them all and hope that they enjoy long and happy careers at Portman Road.

It will not have escaped anyone's notice that amongst our newcomers we have recruited a number of players from overseas and this trend was continued into the current season. First and foremost, my believe is that it is the badge that counts and so anyone who wears the Ipswich Town colours has got to want to play for this Club, as all of our new arrivals do. We will continue to recruit domestically wherever possible in just the same way that we will aim to develop new talent through our Academy, however, our objective is to continue improving this Club and this can only be done through a mixture of coaching, development and the recruitment of better players, no matter from where they come.

STAFF

In May 2001 we were delighted that George Burley accepted a lucrative new 5 year contract that extends his commitment to the Club until June 2006. George has demonstrated his ability to manage and coach at the highest level and this contract both protects Ipswich Town Football Club in securing the services of one of the country's brightest managers and rewards George for his outstanding achievements on the Club's behalf thus far.

We have also been pleased to welcome Mike Cooper to the Club as Director of Finance. Previously a Director of KMPG in Ipswich, Mike brings with him the necessary skills that are needed to control and manage our financial affairs at the enhanced levels associated with Premiership status.

We are delighted to welcome back another "old boy" in the shape of Steve McCall as scouting co-ordinator. On the departure front we have said farewell to Under 19 Academy coach Paul Goddard who served the Club with distinction as a player and coach over the last 9 years.

I would like to pay tribute to the efforts of all the staff during the last year – on and off the field. Past and future success is heavily dependent on the skills and commitment of all the people that both play and work for us.

George Burley, his coaching staff and his players have performed magnificently to record a 5th place finish in the first season back in the Premiership and I would like to both applaud and thank them all for their superb efforts and achievements.

The non-playing staff have also played their part to the full, recording their own successes in every single department of the business. Grateful thanks are extended to all of them.

Shareholders and supporters alike will naturally focus attention on playing performance. However, it has long been my belief that there is a clear inter-relationship between how we manage our business off the field and how we perform on it. We must endeavour to provide the best environment and support for the "on field" team to succeed.

TICKETS

It is the second year in succession that I have included this subject in a section of my report.

Demand has continued to outstrip supply as we hasten to create extra capacity. However the logistics associated with the issue of a vastly increased number of season tickets have proved very difficult to manage as effectively as we wished.

We were pleased with the success of the new Ballot scheme, introduced to rotate the limited number of non-season tickets to nearly 8,000 Club Members, but this scheme also presented us with management complications as it has proved hard to satisfy everyone.

In the close season there were further difficulties experienced in temporarily relocating North Standers while their stand is reconstructed.

The directors are conscious of the need for substantial improvement in the management of all ticketing and the club is presently engaged in reorganising this department to provide a higher level of service.

CORPORATE GOVERNANCE & DIRECTORS' REMUNERATION

Although the Club remains a private company, the directors have been concerned to ensure that a level of Corporate Governance is maintained that is more consistent with many of the strict demands imposed on a public company. It is not intended that our standards should necessarily meet every demand of a PLC, however best practice, control and accountability are viewed as being of prime importance.

At the last shareholders' meeting it was announced that I was to be remunerated for the first time since assuming the joint roles of Chairman and Chief Executive in 1995. I was very grateful to the shareholders for their confidence in this change. Both the Manager and I were awarded generous bonuses at the end of the last season and I would also like to express our sincere thanks for that recognition.

My own remuneration is decided by the rest of the non-executive Directors, under the Chairmanship of John Kerr, who meet as a Remuneration Committee, without me being present, to consider such matters.

Although the shareholders signified last year that the other Directors should be remunerated on some type of fee basis, they decided that for the time being they wished to remain unpaid.

CONCLUSION

In closing, I would like to thank all who have played their part in this remarkable resurgence of Ipswich Town Football club.

My fellow Directors have been unstinting in their support, wise counsel and direction for which I warmly thank them.

The Executive Management team of the Club, comprising George Burley, David Rose, Paul Clouting, Alesha Gooderham and Mike Cooper have each performed superbly and provided a constant source of inspiration and support, during a year that has often led to intense personal strain on each of us, such has been the magnitude of growth and added responsibility.

I must make particular mention of George Burley. He has demonstrated his prowess and integrity as both a Manager and a Coach in leading the Club to the magnificent position of 5th in the Premiership in our first season back amongst the elite, thereby qualifying for the UEFA Cup. This was achieved in

style by playing both attractive and disciplined football and in doing so winning the FA Fair Play Award. He deservedly won all three of the most prestigious Manager of the Year awards. Huge congratulations to George for leading us to such exalted levels in another memorable year.

As we welcome TXU Energi as the new main sponsors of the Club, I would also like to express special thanks to Greene King for all their valuable support as main sponsors over the last 6 years. We are delighted with the continuing association in the form of their sponsorship of the new South Stand, now the Greene King Stand.

Finally, my sincere thanks to all our shareholders and supporters whose reputation is so widely respected in football both in this country and Europe. Your magnificent support is greatly appreciated.

The new season has not started as well as the last, however, our efforts will be unstinting to build on the success of last year and consolidate in the Premiership.

D R SHEEPSHANKS
CHAIRMAN
25 October 2001

Directors' report

The Directors present their annual report and the audited financial statements for the period ended 30 June 2001.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company's principal activity throughout the year remained that of a professional football club. A review of the Company's business and future developments is contained in the Chairman's Report on pages 3 - 7.

RESULTS AND DIVIDENDS

The results for the Company are set out in the profit and loss account on page 11.

The profit for the year before taxation amounted to £2,254,000 - after taxation amounted to £1,128,000 (2000 - £2,127,000 before and after tax).

The Directors do not recommend the payment of a dividend (2000 - nil).

DIRECTORS AND DIRECTORS' INTERESTS

The Directors, all of whom served throughout the year and since the year end, and their beneficial and non-beneficial interests in the share capital of the Company, were as follows;

	Ordinary shares of 25p each 2001	Ordinary shares of 25p each 2000
D R Sheepshanks	1,246	1,246
R J Finbow	150	150
P W Hope-Cobbold	152	152
J Kerr	4,074	4,074
R J Moore	744	744
Lord Ryder	150	150

In addition to the above beneficial shareholdings, D R Sheepshanks and J Kerr are the trustees of the Ipswich Town Football Club Discretionary Trust which holds 7,363 shares. Control of the trust's shares is held jointly by the two trustees. In the event of a tied vote between the trustees, the Chairman has the casting vote.

In accordance with the Articles of Association, P W Hope-Cobbold and Lord Ryder retire by rotation and, being eligible, offer themselves for re-election.

According to the register of Directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the Directors or their immediate families, or exercised by them, during the financial year.

EMPLOYEE INVOLVEMENT

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that effect the progress of the Company and are of interest to them as employees.

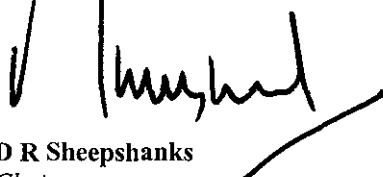
DISABLED EMPLOYEES

The Club gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or disabled person. If disablement were to occur whilst employed, the Club would, wherever possible, make every effort to continue training and employing the person concerned.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



D R Sheepshanks
Chairman

Portman Road
Ipswich
25 October 2001

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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF IPSWICH TOWN FOOTBALL CLUB COMPANY LIMITED

We have audited the financial statements on pages 11 - 27.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Directors' report and, as described on page 9, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

BASIS OF OPINION

We conducted our audit in accordance with 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 judgements 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 30 June 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditor
Ipswich

25 October 2001

Profit and loss account
for the period ended 30 June 2001

		Operations excluding player amortisation and trading	Player amortisation and trading	13 months ended 30 June 2001	12 months ended 31 May 2000
	Note	£ 000's	£ 000's	£ 000's	£ 000's
Turnover	2	31,334	-	31,334	9,957
Cost of Sales	3	(21,091)	(4,489)	(25,580)	(12,525)
Gross profit/(loss)		10,243	(4,489)	5,754	(2,568)
Administrative expenses		(4,752)	-	(4,752)	(1,656)
Other operating income	4	213	-	213	220
Operating profit/(loss)		5,704	(4,489)	1,215	(4,004)
Profit on disposal of players	5	-	2,279	2,279	6,350
Loss on disposal of tangible fixed assets		(770)	-	(770)	-
Profit before interest and taxation		4,934	(2,210)	2,724	2,346
Interest receivable and similar income	9	19	-	19	9
Interest payable and similar charges	10	(489)	-	(489)	(228)
Profit on ordinary activities before taxation	6-8	4,464	(2,210)	2,254	2,127
Tax on profit on ordinary activities	11			(1,126)	-
Profit on ordinary activities after taxation				1,128	2,127

The above results arose wholly from continuing operations.
The notes on pages 15 to 27 form part of these financial statements.

Balance sheet

at 30 June 2001

	Note	As at 30 June 2001 £ 000's	As at 31 May 2000 £ 000's
Fixed assets			
Intangible assets	12	10,177	6,176
Tangible assets	13	18,839	10,699
		29,016	16,875
Current assets			
Stocks	14	166	115
Debtors	15	4,032	2,232
Cash at bank and in hand		36	37
		4,234	2,384
Creditors: amounts falling due within one year	16	(20,601)	(9,396)
Net current liabilities		(16,367)	(7,012)
Total assets less current liabilities		12,649	9,863
Creditors: amounts falling due after more than one year	17	(2,582)	(924)
Net assets		10,067	8,939
Capital and reserves			
Called up share capital	18	8	8
Share premium account	19	10	10
Revaluation reserve	19	5,154	6,128
Capital redemption reserve	19	1	1
Profit and loss account	19	4,894	2,792
Equity shareholders funds		10,067	8,939

These financial statements were approved by the board of Directors on 25 October and were signed on its behalf by:



D R Sheepshanks
Chairman

J Kerr
Director

The notes on pages 15 to 27 form part of these financial statements.

Cash flow statement
for the period ended 30 June 2001

	<i>Note</i>	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2001 £ 000's
Net cash inflow/(outflow) from operating activities	23	12,366	(1,472)
Returns on investments and servicing of finance	24	(470)	(194)
Capital expenditure	24	(15,547)	1,109
Cash outflow before financing		(3,651)	(557)
Financing	24	2069	(59)
Decrease in cash in the period	25	(1,582)	(616)

The notes on pages 15 to 27 form part of these financial statements.

Statement of total recognised gains and losses
for the period ended 30 June 2001

	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2000 £ 000's
Profit for the financial period	1,128	2,127
Unrealised surplus on revaluation of leasehold property	-	1,506
Total recognised gains and losses relating to the financial period	1,128	3,633

Note of historical cost profits and losses
for the period ended 30 June 2001

	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2000 £ 000's
Reported profit on ordinary activities before taxation	2,254	2,127
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	204	87
Difference between loss on disposal of fixed assets at cost and revalued amount	770	-
Historical cost profit on ordinary activities before taxation	3,228	2,214
Historical cost profit for the period retained after taxation	2,102	2,214

Reconciliation of movements in shareholders' funds
for the period ended 30 June 2001

	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2000 £ 000's
Profit for the financial period	1,128	2,127
Surplus on revaluation of leasehold property	-	1,506
Net additions to shareholders' funds	1,128	3,633
Opening shareholders' funds	8,939	5,306
Closing shareholders' funds	10,067	8,939

Notes

(forming part of the financial statements)

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of the leasehold property comprising the football ground.

Intangible fixed assets and amortisation

Intangible fixed assets represent transfer fees associated with the acquisition of players' registrations which are capitalised as intangible fixed assets and amortised over the period of the player's contract. Further contingent payments are capitalised when the likelihood of the payment is probable.

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings	-	Evenly over the estimated life of 50 years
Computer equipment	-	over 3 years
Motor vehicles	-	over 4 to 5 years
Fixtures, fittings and equipment	-	over 4 to 10 years

No depreciation is provided on freehold land.

Assets in the course of construction are stated at the amount of directly attributed cost to date. No depreciation is provided until the assets are brought into use.

Grants

Grants receivable relating to capital expenditure are treated as deferred income in the balance sheet and released to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

Signing on fees

Signing on fees are charged to cost of sales over the duration of the player's contract.

Leases and hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated their useful economic lives. The outstanding future lease obligations are included in creditors and the interest element is charged to the profit and loss account over the period of the lease. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

Contributions to various defined contributions schemes are charged to the profit and loss as they become payable. Amounts due to the defined benefit scheme (suspended in August 1999) are charged to the profit and loss account as advised by the scheme's Actuary.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred Taxation

Provision is made for deferred taxation to the extent that it is probable that a liability will crystallise in the foreseeable future.

Notes (continued)

2. TURNOVER

Turnover, all of which arises in the United Kingdom from the Company's principal activity, is stated net of value added tax and comprises:

	13 months ended 30 June 2001 £000's	12 months ended 31 May 2000 £ 000's
Gate receipts	6,651	4,627
Commercial income	6,179	4,125
Television/radio and share of Premier League sponsorships	18,504	1,205
	31,334	9,957

3. COMPARATIVE PROFIT AND LOSS ACCOUNT

In 2000 the amortisation of players registrations was shown separately in the profit and loss account. In 2001, the presentation has been amended within the financial statements to show the amortisation charge with other player expenses in cost of sales. Comparatives for the year ending 31 May 2000 have been amended accordingly and are set out below:

	Operations excluding player amortisation and trading £ 000's	Player amortisation and trading £ 000's	Total 2000 £ 000's
Turnover	9,957	-	9,957
Cost of sales	(10,864)	(1,661)	(12,525)
Gross loss	(907)	(1,661)	(2,568)
Administrative expenses	(1,656)	-	(1,656)
Other operating income	220	-	220
Operating loss	(2,343)	(1,661)	(4,004)
Profit on disposal of players	-	6,350	6,350
Profit/(loss) before interest and tax	(2,343)	4,689	2,346

Notes (continued)

4. OTHER OPERATING INCOME

	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2000 £ 000's
Donations from:		
East Anglian Sports Association (Ipswich)	182	187
Ipswich Town Development Association	24	29
Ipswich Town Football Club Supporters Association	7	4
	213	220

5. PROFIT ON DISPOSAL OF PLAYERS

	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2000 £ 000's
Proceeds for players' registrations sold	2,620	6,350
Less player registrations sold not amortised to date	(341)	-
	2,279	6,350

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2000 £ 000's
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging:</i>		
Auditors' remuneration:		
Audit	9	7
Other services	125	29
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned	631	356
Leased	307	173
Loss on disposal of tangible fixed assets	770	-
Hire of plant and machinery - rentals payable under operating leases	227	154
Hire of other assets - operating leases - Ground rent	17	15
- Shop rent	53	40
<i>after crediting:</i>		
Release of capital grant	(63)	(58)

Notes (continued)

7. REMUNERATION OF DIRECTORS

	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2000 £ 000's
Directors' emoluments	125	-
Company contributions to money purchase pension scheme	13	-
	138	-

In addition, a performance bonus of £250,000 was paid, giving aggregate emoluments for the highest paid director of £375,000 (2000: £nil). Company pension contributions of £13,000 (2000: £nil) were made to a money purchase scheme on his behalf.

8. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	13 months ended 30 June 2001		12 months ended 31 May 2000	
	No. Full time	No. Part time	No. Full time	No. Part time
Players	35	-	33	-
Senior coaches and scouts	13	7	9	7
Academy, youth trainees and coaches	29	26	26	21
Commercial	32	26	31	22
Ground staff, Stadium, Cleaning and Security	15	10	8	9
Administration and Finance	16	3	10	5
	140	72	117	64

The above numbers exclude Directors, and also exclude 413 Casual employees (2000 : 314) who only work on match days.

The aggregate payroll costs of these persons were as follows:

	13 months ended 30 June £ 000's	12 months ended 31 May 2000 £ 000's
Wages and salaries	15,822	7,633
Social security costs	1,645	758
Other pension costs	160	120
	17,627	8,511

The above figures include benefits in kind, but exclude the provision made for the deficit on the defined benefit pension scheme (see note 22).

Notes (continued)

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2000 £ 000's
Bank and other interest	19	9

10. INTEREST PAYABLE AND SIMILAR CHARGES

	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2000 £ 000's
On bank loans and overdrafts	366	182
Finance charges payable in respect of finance leases and hire purchase contracts	12	8
On all other loans	111	38
	<u>489</u>	<u>228</u>

11. TAXATION

	13 months ended 30 June 2001 £ 000's	12 months ended 31 May 2000 £ 000's
UK Corporation tax at 30%	1,126	-
Deferred taxation	-	-
	<u>1,126</u>	<u>-</u>

The potential amounts of deferred taxation are as follows:

	30 June 2001		31 May 2000	
	Provided £ 000's	Unprovided £ 000's	Provided £ 000's	Unprovided £ 000's
Difference between accumulated depreciation and capital allowances	-	239	-	192
Tax relievable losses	-	-	-	(170)
Other timing differences	-	(85)	-	255
	<u>-</u>	<u>154</u>	<u>-</u>	<u>277</u>

There is also a potential deferred taxation liability of approximately £1,550,000 (2000: £1,840,000) relating to the stadium revaluation which may be reduced by the availability of indexation allowances. This liability would not arise unless the stadium were to be sold. The Directors do not anticipate that the stadium will be disposed of, and accordingly they do not consider that any provision for deferred tax is necessary.

Notes (continued)

12. INTANGIBLE FIXED ASSETS

	Player registrations £ 000's
Cost	
At 1 June 2000	10,663
Additions	8,831
Disposals	(1,160)
At 30 June 2001	18,334
Amortisation	
At 1 June 2000	4,487
Charged in year	4,489
Disposals	(819)
At 30 June 2001	8,157
Net book value	
At 30 June 2001	10,177
At 31 May 2000	6,176

Notes (continued)

13. TANGIBLE FIXED ASSETS

	Assets Under Construction £ 000's	Freehold Land £ 000's	Long Leasehold Land and Buildings £ 000's	Motor Vehicles £ 000's	Fixtures, Fittings, and Equipment £ 000's	Total £ 000's
Cost or valuation						
At 1 June 2000	-	110	9,406	333	3,176	13,025
Additions	2,713	302	5,490	58	1,406	9,969
Disposals	-	(110)	(786)	(27)	-	(923)
At 30 June 2001	2,713	302	14,110	364	4,582	22,071
Depreciation						
At 1 June 2000	-	-	-	112	2,214	2,326
Charge for year	-	-	270	72	596	938
On disposals	-	-	(17)	(15)	-	(32)
At 30 June 2001	-	-	253	169	2,810	3,232
Net book value						
At 30 June 2001	2,713	302	13,857	195	1,772	18,839
At 31 May 2000	-	110	9,406	221	962	10,699

Freehold land and assets under construction are not depreciated.

Included in the total net book value of motor vehicles and fixtures, fittings and equipment are the following amounts relating to assets held under finance leases and similar hire purchase contracts.

	Motor vehicles £ 000's	Fixtures, fittings and equipment £ 000's
Net book values		
At 30 June 2001	170	50
At 31 May 2000	205	42
Depreciation		
Period ended 30 June 2001	63	21
Year ended 31 May 2000	68	19

Notes (continued)

13 TANGIBLE FIXED ASSETS (continued)

The following information relates to tangible fixed assets carried at revalued amounts.

Long leasehold land and buildings

	30 June 2001 £ 000's	31 May 2000 £ 000's
At depreciated replacement cost: At valuation at 1 April 2000	9,260	9,260
Subsequent additions	5,636	146
Subsequent disposals	(786)	-
Aggregate depreciation thereon	14,110 (253)	9,406 -
Net book value	13,857	9,406
Historical cost of revalued assets	10,308	4,818
Aggregate depreciation thereon	(1,755)	(1,540)
Historical cost net book value	8,553	3,278

The valuation was performed as at 1 April 2000 by Messrs Wilks, Head and Eve, Chartered Surveyors. The basis of the valuation was depreciated replacement cost as recommended by the Royal Institution of Chartered Surveyors.

Subsequent additions have been accounted for at cost.

The depreciated replacement cost value of land and buildings does not include notional directly attributable acquisition costs and is before deduction of expected selling costs.

The Directors are not aware of any material change in value and therefore the valuations set out above have not been updated.

14. STOCKS

	30 June 2001 £ 000's	31 May 2000 £ 000's
Goods for resale	166	115

Notes (continued)

15. DEBTORS

	30 June 2001 £ 000's	31 May 2000 £ 000's
Trade debtors	2,819	1,974
Other debtors	823	161
Prepayments and accrued income	390	97
	<u>4,032</u>	<u>2,232</u>

Included in trade debtors are amounts totalling £1,500,000 (2000:£1,235,000) in respect of transfer fees receivable.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2001 £ 000's	31 May 2000 £ 000's
Bank loans	2,590	126
Bank overdrafts	5,243	3,662
Obligations under finance leases and hire purchase contracts (see note 17)	83	86
Trade creditors	4,307	3,651
Corporation Tax	1,126	-
Other taxation and social security	1,879	421
Other creditors	216	886
Accruals and deferred income	5,157	564
	<u>20,601</u>	<u>9,396</u>

Included in trade creditors are amounts totalling £2,251,000 (2000:£2,546,000) in respect of transfer fees payable.

The bank loan and overdraft are secured by an unlimited debenture incorporating a charge over all of the assets of the Company.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 June 2001 £ 000's	31 May 2000 £ 000's
Bank loans	-	373
Accruals and deferred income	2,415	365
Obligations under finance leases and hire purchase contracts	167	186
	<u>2,582</u>	<u>924</u>

Included within bank loans is £ nil (2000: £67,000) due after more than five years. This loan was repayable over 25 years and interest was payable at the lenders base rate plus 2%.

Notes (continued)

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

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

	30 June 2001 £ 000's	31 May 2000 £ 000's
Within one year	109	88
In the second to fifth years	188	238
	297	326
Less future finance charges	(47)	(54)
	250	272

18. CALLED UP SHARE CAPITAL

	Number of shares	£
<i>Authorised 2001 and 2000</i>		
Equity: Ordinary shares of 25p each	40,000	10,000
<i>Allotted, called up and fully paid 2001 and 2000</i>		
Equity: Ordinary shares of 25p each	33,265	8,316

19. RESERVES

	Share premium account £ 000's	Revaluation reserve £ 000's	Capital redemption Reserve £ 000's	Profit and loss account £ 000's
At 1 June 2000	10	6,128	1	2,792
Retained profit for the period	-	-	-	1,128
Transfer	-	(204)	-	204
Loss on disposal of revalued asset	-	(770)	-	770
At 30 June 2001	10	5,154	1	4,894

The transfer between revaluation reserve and profit and loss account represents the additional depreciation borne in the period due to the carrying of certain tangible fixed assets at valuation.

20. CONTINGENT LIABILITIES

The Club is contractually bound to pay additional amounts in respect of transferred players should certain criteria be met. The maximum amount of this contingent liability is £465,000 (2000:£200,000) excluding amounts which have been provided for.

Notes (continued)

21. COMMITMENTS

- a) Annual commitments under non-cancellable operating leases are as follows:

	30 June 2001		31 May 2001	
	Land and buildings	Other	Land and buildings	Other
	£ 000's	£ 000's	£ 000's	£ 000's
Operating leases which expire:				
Within one year	-	19	-	18
In the second to fifth years inclusive	37	78	33	64
Over five years	15	-	19	-
	<u>52</u>	<u>97</u>	<u>52</u>	<u>82</u>

- b) Capital commitments at the end of the financial period for which no provision has been made, are as follows:

	30 June 2001 £000's	31 May 2000 £000's
Contracted	<u>11,877</u>	<u>-</u>

22. PENSION COMMITMENTS

Certain staff of the Company are members of either the Football League Limited Pension and Life Assurance Scheme ('FLLPLAS'), comprising both defined benefit (suspended from 31 August 1999) and defined contribution sections, or the Football League and F.A. Premier League Group Pension Plan, a defined contribution scheme.

As the Company is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the schemes are held separately from those of the Company, being invested with insurance companies.

Following a review of the Minimum Funding Requirement (MFR) of the FLLPLAS, accrual of benefits of the final salary section of the scheme was suspended as at 31 August 1999. In light of the exceptional circumstances affecting the scheme, the trustees of the scheme commissioned an independent actuary's report on the MFR position and a substantial deficit was identified. Under the Pensions Act 1985 participating employers will be required to contribute to the deficiency. The Club was advised by the Premier League that a basis of apportionment of the deficit had been approved by the trustees and their advisers, although in practice there are a number of important issues which remain to be resolved that could impact on the final qualification of this liability. The provisional allocation notified to Ipswich Town Football Club is £334,000 and accordingly provision for this amount has been made in the accounts. The charge for the normal pension cost is £160,000 (2000: £120,000). At the year end contributions totalling £13,000 (2000: £15,000) were outstanding.

Notes (continued)

23. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	13 months ended 30 June 2001 £000's	12 months ended 31 May 2000 £ 000's
Operating profit/(loss)	1,215	(4,004)
Amortisation of players	4,489	1,661
Depreciation charges	938	530
(Profit)/loss on sale of fixed assets	-	(3)
Release of capital grant	(63)	(58)
(Increase)/decrease in stocks	(51)	13
(Increase)/decrease in debtors	(1,535)	(575)
Increase in creditors	7,373	964
Net cash inflow/(outflow) from operating activities	12,366	(1,472)

24. ANALYSIS OF CASH FLOWS

	13 months ended 30 June 2001 £000's	12 months ended 31 May 2000 £ 000's
Return on investments and servicing of finance		
Interest received	19	8
Interest paid	(489)	(202)
	(470)	(194)
Capital expenditure		
Purchase of tangible fixed assets	(9,969)	(870)
Sale of tangible fixed assets	121	-
Grants received	1,072	13
Purchase of intangible fixed assets	(9,126)	(3,148)
Sale of intangible fixed assets	2,355	5,115
	(15,547)	1,109
Financing		
Receipts of new loans	2,291	70
Repayment of loans	(200)	(72)
Repayment of finance leases	(91)	(57)
New Finance leases	69	-
	2,069	(59)

Notes (continued)

25. ANALYSIS OF NET DEBT

	At 1 June 2000 £ 000's	Cash flow £ 000's	Other non cas change £ 000'	At 30 June 2001 £ 000's
Cash at bank and in hand	37	(1)		36
Overdraft and loans	(3,662)	(1,581)		(5,243)
Debt due within one year	(212)	(2,088)	(373)	(2,673)
Debt due after one year	(559)	19	373	(167)
Total	(4,396)	(3,651)	-	(8,047)

26. POST BALANCE SHEET EVENTS

Since the year end the Company has purchased Finidi George, Matteo Serini, Tommy Miller and Thomas Gaardsoe and acquired under free transfer Andy Marshall and Pablo Counago. The company has sold Richard Wright and James Scowcroft. The net purchase cost of these transactions is £3.6 million.

Since the year end, the Company has completed the arrangements for a £25 million Bond issue – repayable over 25 years. £20 million of these loan notes were drawn down on 17th August 2001. The loan notes are repayable in annual instalments over a 25 year period and have a fixed interest rate of 8.29%. The first payment is due on 1st September 2002 and is interest only. The notes are subject to a securitisation agreement covering future ticket sales.

As noted in Note 21(b), there are £11.9 million of contracted capital commitments at the year end. These relate to the completion of the South and North Stands, other works at the Stadium and the Training Centre. With the exception of the North Stand all other works will have been completed by 30 November 2001.

As required by the terms of the Bond issue, in July 2001 the Company incorporated two wholly owned subsidiaries. Ipswich Town Football Club Limited has been set up to issue the loan notes and Ipswich Town Stadium Company Limited is the company that now owns and runs the football stadium.

On 17 August 2001 the Company agreed a new lease for the stadium with Ipswich Borough Council. The new lease is in the name of Ipswich Town Stadium Company Limited and enjoys substantially the same terms as a former lease, but runs for an extended period to 2093.

27. RELATED PARTY DISCLOSURES

Through a lifetime gift and upon his death, a previous Chairman of the Company, Mr Patrick Cobbold, bequeathed his holding of 7,363 shares in the club to his successor. This bequest was on the basis that Mr Cobbold wished these shares, which have become known as "Chairman's shares", to be held by the Chairman of the day, and to be passed on by each Chairman to his successor. During 2000, these shares were transferred to a discretionary trust, which is controlled by the Chairman of the day and whose beneficiaries include the Football in the Community project.

An inheritance tax liability of £44,000 was assessed on these shares which were part of Mr Cobbold's estate. This liability was paid by the club during the current year as it was considered appropriate by the directors to do this in light of the gift and bequest made by Mr Cobbold. Mr Philip Hope-Cobbold, a director of the Company, is the residual beneficiary of Mr Cobbold's estate.

During the period the company paid fees of £115,000 to Ashurst Morris Crisp for legal services. Mr R J Finbow, a Director of the Company, is a partner in this firm.