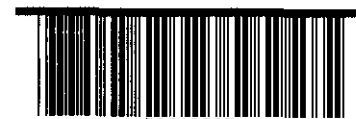


Ipswich Town Football Club Company Limited

30 June 2003

**Directors' report and consolidated
financial statements**

Registered number 315421



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Company information

Chairman	David R Sheepshanks
Board of Directors	Derek W Bowden Kevin Beeston John Kerr MBE DL Richard J Moore Philip W Hope-Cobbold Roger J Finbow
Vice Presidents	Lord Ryder Harold R Smith
Secretary	David C Rose
Manager	Joe Royle
Commercial Director	Paul A Clouting
Director of Finance	Mike D Cooper
Registered Office	Portman Road Ipswich IP1 2DA
Company Registration Number	315421
Bankers	Barclays Bank Plc 1 Princes Street Ipswich IP1 1PB
Auditors	KPMG LLP 6 Lower Brook Street Ipswich IP4 1AP
Solicitors	Prettys Solicitors Elm House 25 Elm Street Ipswich IP1 2AD Ashurst Morris Crisp Broadwalk House 5 Appold Street London EC2A 2HA

Directors' report

The Directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2003.

Principal activity and business review

The principal activity of the Group continues to be the operation of a professional football club, together with related ancillary activities.

The Club's relegation from the Premier League to Division One at the end of the 2001/02 season left the Club facing a significant fall in income, estimated to be in the region of £15 million per annum, principally due to a significant loss of media revenues. Furthermore, in common with most other clubs, the terms of the Club's players' contracts did not at the time provide for reduced salaries as a result of relegation from the Premier League and several of the players' contracts with the Club still had between two and three years left to run. This was at a time when, following the "Bosman" ruling, it had become good business practice to retain players on longer contracts to protect their transfer value. However, as the European transfer market collapsed, these longer term contracts became liabilities.

In response to the Club's relegation from the Premiership, the ITFC Directors took immediate steps to redress the loss of media revenue by attempting to sell players. However, this became difficult as the Club's relegation coincided with the almost immediate collapse of the European transfer market, together with the introduction for the first time of a transfer window (the first of which closed on 31 August 2002). In addition, certain transfers agreed by the Club were not accepted by the players concerned.

In addition, the Club had anticipated deriving significant income from the Football League as a result of monies from ITV Digital for the rights to televise matches. However, following the liquidation of ITV Digital in October 2002, the Football League signed a new agreement with BSkyB at a much lower level than that agreed with ITV Digital. Under the deal with BSkyB, the ITFC Group's decrease in income compared to that received by Division One clubs in the 2001/02 season was approximately £2 million.

By late August 2002, it had become increasingly unlikely that sufficient funds would be realised solely from the sale of players, so the Board implemented a contingency plan to cut costs and manage liabilities. This involved, amongst other things, loaning out players to reduce wage costs, reducing operational costs, deferring staff wages and seeking to agree a rescheduling of liabilities with key creditors. Additionally, the Board hoped and reasonably expected that when the transfer window opened again in January 2003 the Club would have been able to raise further funds through the sale of players but, in the event, the amount raised fell short of the Club's needs.

Accordingly, on 10 February 2003, due to the deteriorating financial position of the Club, the Board petitioned for and were granted by the High Court an Administration Order leading to the appointment of administrators to the Club. As a consequence the Football League gave notice to suspend the Club's membership of the Football League which is standard practice in the event of administration. The Administration Order allowed the Club to retain its Football League status, to continue trading and permitted it to formulate and propose a company voluntary arrangement (CVA) which was sent to creditors and shareholders on 10 April 2003 and was overwhelmingly approved (subject to certain modifications) by the Club's creditors and members on 2 May 2003.

In summary the CVA provides for the following:

- Norwich Union have agreed a restructuring of the repayments due from the Group under the Norwich Union Bonds which were originally issued to fund the building works at the North and South Stands at the Club's ground, office accommodation and to improve the Club's training facilities at Playford Road. The level of these repayments will be dependent upon the Club's league status. The rescheduling of the payments enables the Group to match more easily its payments against its revenues and, if required, to provide for a longer term over which to repay the indebtedness.
- Barclays Bank plc, which is also a secured creditor of ITFC, has agreed to reschedule its exposure to ITFC to allow repayment of its debt over a period of up to 12 years (assuming no promotion to the Premier League) by converting its overdraft facility to a term loan.

Director's report *(continued)*

- Preferential creditors are to receive 50% of the amounts owed. 20% was paid initially in September 2003, with further payments of 10% per annum in each of the following three years. Further sums would be payable should the Club achieve promotion to the Premier League.
- Unsecured creditors received 5% of amounts owed, which was paid in September 2003, with further sums payable should the Club achieve promotion to the Premier League.

As a result of the CVA there is now effectively a moratorium preventing any participating creditor taking or continuing any action or proceedings in respect of its claim(s) against the Club or its property (and any company in the ITFC Group). Upon receipt by a participating creditor of a final dividend under the terms of the CVA, the Club will be released and discharged from any and all liability to that creditor.

It is proposed that the Club will continue to trade to produce sufficient cash to fund contributions to creditors over the next four seasons (i.e. to 30 June 2007), for the purpose of distributing an annual dividend to participating creditors who are bound by the CVA. It is proposed that dividends are declared on an annual basis not later than the beginning of September during each season, with a final dividend in September 2006.

The Administration Order was discharged on 30 May 2003, so the operation of the Club's business was returned to the Board by the administrators. Furthermore, the Football League withdrew its notice to suspend the Club's membership of the Football League which has permitted the Club to participate in Division One in the 2003/04 season.

The Club has recently raised £950,000 through the issue of Loan Notes and a further £425,000 through the issue of long term season tickets. Furthermore, the Club has continued to rationalise the playing squad through a programme of player transfers and loans as part of the process of generating cash and achieving cost savings in order to meet its obligations under the CVA.

In order to facilitate the public offer of shares it has been necessary to insert a newly formed public company (Ipswich Town plc) above ITFC. Accordingly, on 22 August 2003 Ipswich Town plc made a takeover offer to the shareholders of ITFC to swap their shares in ITFC for Ordinary Shares in the Company. The Takeover Offer became unconditional in all respects on 25 September 2003, such that, with effect from 26 September 2003 when the Directors exercised their discretion under the ITFC articles of association to formally accept the Takeover Offer on behalf of the remaining non-accepting ITFC shareholders, ITFC became, subject to the fulfilment of certain legal formalities, a wholly owned subsidiary of the Ipswich Town plc.

In conclusion, after an extremely difficult and turbulent year substantial progress has been made in restoring the Group's financial stability. The success of the forthcoming public offer of shares is vitally important.

Results and dividends

The results for the Group are set out in the profit and loss account on page 9.

The consolidated loss for the year before taxation amounted to £8,270,000 (2002 loss: £3,297,000). The consolidated loss after taxation was £7,750,000 (2002 – loss £2,617,000).

The company's loss for the year before taxation amounted to £5,967,000 (2002 loss £4,199,000). The loss after taxation was £6,047,000 (2002 loss £2,919,000). The Directors do not recommend the payment of a dividend (2002– nil).

Director's report *(continued)*

Directors and Directors' interests

The Directors, all served throughout the year except as detailed below. Their beneficial and non-beneficial interests in the share capital of the Company were as follows;

	Ordinary shares of 25p each	
	June 2003	June 2002 or subsequent date of appointment
D R Sheepshanks	1,252	1,246
R J Finbow	230	150
P W Hope-Cobbold	152	152
J Kerr	4,284	4,324
R J Moore	964	744
Lord Ryder (retired 29 September 2003)	150	150
D Bowden (appointed 1 November 2002)	150	150

K Beeston was appointed as a director on 26 September 2003

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, R J Moore and R J Finbow retire by rotation and, being eligible, offer themselves for re-election. In addition D Bowden and K Beeston were appointed on 1 November 2002 and 26 September 2003 respectively by a resolution of the Board and will present themselves for formal election by shareholders at the forthcoming Annual General Meeting.

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 affect the progress of the Group 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 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, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

During the year the Company made charitable donations of £7,650 (2002 : nil).

D R Sheepshanks
Chairman

Portman Road
Ipswich

19 November 2003

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 the Group 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 Group 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 Group 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 Group and to prevent and detect fraud and other irregularities.

Report of the independent auditors to the members of Ipswich Town Football Club Company Limited

We have audited the financial statements on pages 9 to 30.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 6, 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 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

Basis of audit 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 group'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.

Fundamental uncertainty – going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty as to the adequacy of the future funding of the company and group which depends upon achieving cashflow forecasts that include player transfers, cost savings and a share issue. In view of the significance of this fundamental uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 June 2003 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

Chartered Accountants

Registered Auditor

Ipswich

19 November 2003

Consolidated profit and loss account
for the year ended 30 June 2003

	<i>Note</i>	Operations (excluding player amortisation and trading) year ended 30 June 2003	Player amortisation and trading year ended 30 June 2003	Total Year ended 30 June 2003	Total Year ended 30 June 2002
		£ 000's	£ 000's	£ 000's	£ 000's
Turnover	2	23,532	-	23,532	37,376
Cost of Sales		(26,639)	(7,387)	(34,026)	(40,787)
Gross loss		(3,107)	(7,387)	(10,494)	(3,411)
Administrative expenses		(4,680)	-	(4,680)	(5,077)
Other operating income	3	127	-	127	194
Operating loss		(7,660)	(7,387)	(15,047)	(8,294)
Profit on disposal of players	4	-	4,467	4,467	6,600
Loss before interest and taxation		(7,660)	(2,920)	(10,580)	(1,694)
Other interest receivable and similar income	8			26	387
Interest payable and similar charges	9			(2,718)	(1,990)
Surplus arising on CVA restructuring	10			5,002	-
Loss on ordinary activities before taxation	5-7			(8,270)	(3,297)
Tax on loss on ordinary activities	11			520	680
Loss on ordinary activities after taxation				(7,750)	(2,617)

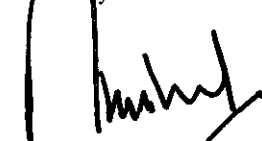
The above results arose wholly from continuing operations.
The notes on pages 13 to 30 form part of these financial statements.

Consolidated and Company balance sheets

For the year ended 30 June 2003

	Note	Group 30 June 2003	30 June 2002	Company 30 June 2003	30 June 2002
		£000's	£ 000's	£000's	£ 000's
Fixed assets					
Intangible assets	12	1,614	14,226	1,614	14,226
Tangible assets	13	33,120	34,919	3,778	4,347
Investments	14	-	-	-	-
		<u>34,734</u>	<u>49,145</u>	<u>5,392</u>	<u>18,573</u>
Current assets					
Stocks	15	274	241	274	241
Debtors	16	1,247	4,508	3,744	8,631
Cash at bank and in hand	17	4,038	2,842	3,638	6
		<u>5,559</u>	<u>7,591</u>	<u>7,656</u>	<u>8,878</u>
Creditors: amounts falling due within one year	18	<u>(11,497)</u>	<u>(19,990)</u>	<u>(9,446)</u>	<u>(18,259)</u>
Net current liabilities		<u>(5,938)</u>	<u>(12,399)</u>	<u>(1,790)</u>	<u>(9,381)</u>
		<u>28,796</u>	<u>36,746</u>	<u>3,602</u>	<u>9,192</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	19	<u>(33,996)</u>	<u>(28,850)</u>	<u>(7,401)</u>	<u>(2,198)</u>
Provision for liabilities and charges	11	-	(600)	-	-
Net (liabilities)/assets		<u>(5,200)</u>	<u>7,296</u>	<u>(3,799)</u>	<u>6,994</u>
Capital and reserves					
Called up share capital	20	8	8	8	8
Share premium account	21	10	10	10	10
Revaluation reserve	21	-	4,950	-	4,950
Capital redemption reserve	21	1	1	1	1
Profit and loss account	21	(5,219)	2,327	(3,818)	2,025
Equity shareholders' funds		<u>(5,200)</u>	<u>7,296</u>	<u>(3,799)</u>	<u>6,994</u>

These financial statements were approved by the Board of Directors on 19 November 2003 and were signed on its behalf by:



D R Sheepshanks
Chairman



D Bowden
Director

The notes on pages 13 to 30 form part of these financial statements.

Consolidated cash flow statement
for the year ended 30 June 2003

	<i>Note</i>	Year ended 30 June 2003 £ 000's	Year ended 30 June 2002 £ 000's
Net cash inflow from operating activities	25	3,159	2,356
Returns on investments and servicing of finance	26	(2,715)	102
Tax received/(paid)		1,020	(1,100)
Capital expenditure	26	2,482	(24,725)
Cash inflow/(outflow) before financing		3,946	(23,367)
Financing	26	(1,328)	24,811
Increase in cash in the period	27	2,618	1,444

The notes on pages 13 to 30 form part of these financial statements.

Consolidated statement of total recognised gains and losses
for the year ended 30 June 2003

	Year ended 30 June 2003	Year ended 30 June 2002
	£ 000's	£ 000's
Loss for the financial year	(7,750)	(2,617)
Stadium impairment relating to revalued element (see note 13)	(4,746)	-
Total recognised gains and losses relating to the financial year	<u>(12,496)</u>	<u>(2,617)</u>

Note of consolidated historical cost profits and losses
for the year ended 30 June 2003

	Year ended 30 June 2003	Year ended 30 June 2002
	£ 000's	£ 000's
Reported loss on ordinary activities before taxation	(8,270)	(3,297)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	204	204
Historical cost loss on ordinary activities before taxation	<u>(8,066)</u>	<u>(3,093)</u>
Historical cost loss for the period retained after taxation	<u>(7,546)</u>	<u>(2,413)</u>

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2003

	Group		Company	
	Year ended 30 June 2003	Year ended 30 June 2002	Year ended 30 June 2003	Year ended 30 June 2002
	£ 000's	£ 000's	£000's	£000's
Loss for the financial year	(7,750)	(2,617)	(6,047)	(2,919)
Stadium impairment relating to revalued element (see note 13)	(4,746)	-	(4,746)	-
Opening shareholders' funds	7,296	9,913	6,994	9,913
Closing shareholders' funds	<u>(5,200)</u>	<u>7,296</u>	<u>(3,799)</u>	<u>6,994</u>

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 group's financial statements except as noted below.

Basis of preparation

The financial statements have been prepared on a going concern basis, and in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain long leasehold land and buildings.

The Directors have prepared cash flow projections for the period to 30 June 2005. These projections have been prepared using assumptions that the Directors consider to be appropriate to the current situation of the Group, in view of the company voluntary arrangement and other circumstances described in detail in the Director's report and in note 10 to the financial statements and the post balance sheet events described in note 28 to the financial statements. Key assumptions relate to the receipts of sums from player transfers, cost savings and the raising of sufficient funds in the proposed forthcoming share issue due to be made in November 2003. The projections assume continuing Division One status.

The Directors are actively taking steps to manage each of the key assumptions and are confident of a successful outcome to each of them.

Although there can be no certainty in relation to the achievement of the cash flow projections, the Directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2003. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

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. Provision for any impairment in value, such as through injury or loss of form, is made when it becomes apparent that the diminution in value is permanent.

Revaluation of long leasehold land and buildings

Long leasehold land and buildings are carried at depreciated replacement cost valuation and are subject to regular revaluations.

Tangible 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:

Freehold buildings	-	Evenly over the estimated life of 50 years
Leasehold land and buildings	-	over 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.

Notes

(forming part of the financial statements – continued)

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. If a player's registration is fully written down as a result of a permanent diminution in value, the amortisation of the signing on fee is accelerated accordingly. Any adjustment arising on the disposal of a player's registration is included as part of the profit or loss on disposal.

Leases and hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over 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

The Group operates various defined contribution schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Amounts due to the Football League Limited Pension and Life Assurance Scheme (suspended in 1999), a defined benefit scheme, 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.

Taxation

The charge or credit for taxation is based on the result for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2 Turnover

Turnover represents all income arising from the ordinary activities of the Group and excludes transfer fees receivable and value added tax.

	Year ended 30 June 2003 £ 000's	Year ended 30 June 2002 £ 000's
Gate receipts	8,258	7,821
Commercial income	7,553	9,528
Television/radio and share of Premier League sponsorships	7,669	18,499
TV Rights from UEFA games	52	1,528
	<u>23,532</u>	<u>37,376</u>

3 Other operating income

	Year ended 30 June 2003 £ 000's	Year ended 30 June 2002 £ 000's
Donations from:		
East Anglian Sports Association (Ipswich)	65	175
Ipswich Town Development Association	62	19
	<u>127</u>	<u>194</u>

4 Profit on disposal of players

	Year ended 30 June 2003 £ 000's	Year ended 30 June 2002 £ 000's
Proceeds for players' registrations sold or cancelled	9,905	6,600
Less players' registrations sold not amortised to date	(5,438)	-
	<u>4,467</u>	<u>6,600</u>

Notes (continued)

5 Loss on ordinary activities before taxation

	Year ended 30 June 2003 £ 000's	Year ended 30 June 2002 £ 000's
Loss on ordinary activities before taxation is stated		
after charging:		
Auditors' remuneration:		
Group - Audit	18	16
Group - Other services	75	87
Company - Audit	13	12
Depreciation and other amounts written off tangible fixed assets:		
Owned	1,519	1,086
Leased – depreciation	121	197
Leased – impairment (see note 13)	307	-
Amortisation of players' registrations	7,387	10,817
Hire of plant and machinery - rentals payable under operating leases	192	205
Hire of other assets - operating leases - Ground rent	15	17
- Shop and warehouse rent	62	42
after crediting:		
Release of capital grant	(68)	(74)

6 Remuneration of directors

	Year ended 30 June 2003 £ 000's	Year ended 30 June 2002 £ 000's
Directors' emoluments	243	129
Company contributions to money purchase pension scheme	22	12
	265	141

The aggregate of emoluments of the highest paid director were £142,000 (2002 £129,000) and company pension contributions of £13,000 (2002 £12,000) were made to a money purchase scheme on his behalf.

Notes (continued)

7 Staff numbers and costs

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

	As at 30 June 2003		Average for year ended 30 June 2003		Average for year ended 30 June 2002	
	Full time	Part time	Full time	Part time	Full time	Part time
Players	29	-	36	-	39	-
Senior coaches and scouts	11	13	14	13	14	13
Academy, youth trainees and coaches	30	27	30	27	29	27
Commercial	39	21	40	21	38	20
Ground staff, Stadium, Cleaning and Security	20	7	20	14	20	16
Administration and Finance	18	3	22	8	23	8
	<u>147</u>	<u>71</u>	<u>162</u>	<u>83</u>	<u>163</u>	<u>84</u>

The above numbers do not include Non-Executive Directors, and also exclude 440 casual employees (2002 : 459) who only work on match days.

The aggregate payroll costs of these persons were as follows:

	Year ended 30 June 2003 £ 000's	Year ended 30 June 2002 £ 000's
Wages and salaries	18,779	21,818
Social security costs	1,775	2,146
Other pension costs	283	205
	<u>20,837</u>	<u>24,169</u>

The above figures include benefits in kind.

8 Interest receivable and similar income

	Year ended 30 June 2003 £ 000's	Year ended 30 June 2002 £ 000's
Bank and other interest receivable	<u>26</u>	<u>387</u>

Notes (continued)

9 Interest payable and similar charges

	Year ended 30 June 2003 £ 000's	Year ended 30 June 2002 £ 000's
On bank loans and overdrafts	667	263
On loan notes	2,031	1,703
Finance charges payable in respect of finance leases and hire purchase contracts	20	24
	<u>2,718</u>	<u>1,990</u>

10 Surplus arising on CVA restructuring

	Year ended 30 June 2003	Year ended 30 June 2002
Net write back arising from entering a CVA	5,894	-
Costs of administration	(892)	-
	<u>5,002</u>	<u>-</u>

On 10 February 2003 the company was granted an Administration order by the High Court leading to the appointment of Administrators. The Administration Order allowed the company to retain its Football League status, to continue trading and formulate and prepare a company voluntary arrangement (CVA). On 2 May 2003 the company's creditors and members approved a company voluntary arrangement whereby debts due to creditors were rescheduled.

Under the arrangement preferential creditors are to receive 50% of the amounts owed: 20% payable in September 2003 with further payments of 10% in each of the following three years. Further sums would be payable should the company achieve promotion. Unsecured creditors are to receive 5% of the amounts owed, payable in September 2003. Again further sums would be payable should the company achieve promotion. Upon receipt by a participating creditor of a final dividend under the company voluntary arrangement the company will be released and discharged from all liabilities to the creditor in respect of amounts due at 10 February 2003.

Accordingly the agreed restructuring of debts has given rise to a write back in the company's books of amounts due to preferential and unsecured creditors, totalling £5,894,000. The costs of administration, totalled £892,000.

11 Taxation

	Year ended 30 June 2003 £ 000's	Year ended 30 June 2002 £ 000's
UK Corporation tax at 30%	-	(1,000)
Prior year under/(over) provision	80	(126)
Deferred taxation	(600)	446
	<u>(520)</u>	<u>(680)</u>

Notes (continued)

11 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax credit for the year is lower (2002: charge is higher) than the standard rate of corporation tax in the UK 30%, 2002: 30%). Factors affecting the tax credit for the period, and which account for the difference between the actual rate and the standard rate, are explained below.

	2003 £000's	2002 £000's
Current tax reconciliation		
Loss on ordinary activities before tax:	(8,270)	(3,297)
Current tax credit at 30% (2002: 30%)	(2,481)	(989)
Effects of:		
Expenses not deductible for tax purposes	113	75
Stadium impairment	1,516	-
Surplus arising on restructuring	(1,789)	-
Capital allowances for period in excess of depreciation	285	(182)
Effect of tax losses	2,338	121
Movement in short term timing differences	18	(25)
Total current tax charge/(credit) (see above)	-	(1,000)

The amounts provided for deferred taxation at 30 June 2003 are as follows:

	Group 2003 £ 000's	2002 £ 000's	Company 2003 £ 000's	2002 £ 000's
Difference between accumulated depreciation and capital allowances	169	710	169	110
Losses available for future off-set	(169)	(50)	(169)	(50)
Other timing differences	-	(60)	-	(60)
	-	600	-	-

The Group and Company also have approximately £7m of losses available for future offset which have not been provided.

12 Intangible fixed assets

	Player registrations
	£ 000's
Group and Company	
<i>Cost</i>	
At 1 July 2002	33,200
Additions	213
Disposals	(13,617)
At 30 June 2003	19,796
<i>Amortisation</i>	
At 1 July 2002	18,974
Charged in year	7,387
Disposals	(8,179)
At 30 June 2003	18,182
<i>Net book value</i>	
At 30 June 2003	1,614
At 30 June 2002	14,226

In accordance with FRS 11 "Impairment of fixed assets and goodwill" the Directors have undertaken a review of the carrying value of player registrations. Certain player values were identified as being permanently impaired and, accordingly, additional amortisation of £2,599,000 has been charged in the year (2002: £3,911,000).

Notes (continued)

13 Tangible fixed assets

Group

	Freehold, Land and Buildings £ 000's	Long Leasehold Land and Buildings £ 000's	Motor Vehicles £ 000's	Fixtures, Fittings, and Equipment £ 000's	Total £ 000's
Group					
<i>Cost or valuation</i>					
At 1 July 2002	2,263	30,041	505	6,612	39,421
Additions	-	4,433	-	556	4,989
Disposals	-	-	(138)	-	(138)
At 30 June 2003	2,263	34,474	367	7,168	44,272
<i>Depreciation</i>					
At 1 July 2002	35	667	243	3,557	4,502
Charge for year	23	754	42	821	1,640
Impairment provision (see below on page 23)	-	5,053	-	-	5,053
On disposals	-	-	(43)	-	(43)
At 30 June 2003	58	6,474	242	4,378	11,152
<i>Net book value</i>					
At 30 June 2003	2,205	28,000	125	2,790	33,120
At 30 June 2002	2,228	29,374	262	3,055	34,919

Freehold land is 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.

Group and Company

	Motor vehicles £ 000's	Fixtures, fittings and equipment £ 000's
Net book values		
At 30 June 2003	91	164
At 30 June 2002	215	134
Depreciation		
Year to 30 June 2003	46	41
Year to 30 June 2002	73	35

Notes (continued)

13 Tangible fixed assets (continued)

Company

	Freehold, land and buildings £ 000's	Motor Vehicles £ 000's	Fixtures, Fittings and Equipment £ 000's	Total £ 000's
Company				
<i>Cost or valuation</i>				
At 1 July 2002	1,935	505	4,564	7,004
Additions	-	-	257	257
Disposals	-	(138)	-	(138)
At 30 June 2003	1,935	367	4,821	7,123
<i>Depreciation</i>				
At 1 July 2002	35	243	2,379	2,657
Charge for year	23	42	666	731
On disposals	-	(43)	-	(43)
At 30 June 2003	58	242	3,045	3,345
<i>Net book value</i>				
At 30 June 2003	1,877	125	1,776	3,778
At 30 June 2002	1,900	262	2,185	4,347

Notes (continued)

13 Tangible fixed assets (continued)

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

Long leasehold land and buildings	Group	
	30 June 2003 £ 000's	30 June 2002 £ 000's
At depreciated replacement cost:		
At valuation at 1 April 2000	9,260	9,260
Subsequent additions	26,000	21,567
Subsequent disposals	(786)	(786)
Aggregate depreciation thereon	34,474	30,041
Impairment provision	(1,421)	(667)
Net book value	28,000	29,374
Historical cost of revalued assets	32,139	27,706
Aggregate depreciation thereon	(2,247)	(2,001)
Impairment provision	(5,053)	-
Historical cost net book value	24,839	25,705

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.

Following the Administration and under the provisions of Financial Reporting Standard No.11: Impairment of fixed assets and goodwill the company undertook a review of the carrying value of fixed assets. Taking into account both the estimated realisable value of the asset and the discounted cash flow arising from the use of these assets the long leasehold land and buildings (the Stadium) has been written down from £33,053,000 to £28,000,000. This impairment provision has been applied first to the revaluation reserve (£4,746,000) and then to profit and loss (£307,000).

14 Fixed asset investments

Company – investment in Group undertakings.

The company has the following subsidiary companies, all of which are registered in England and Wales.

Name of Company	% owned	Nature of Business	Shares held
Ipswich Town Stadium Company Limited	100%	Provision of stadium facilities	1 ordinary share of £1
Ipswich Town Finance Company Limited	100%	Issuer of loan notes	1 ordinary share of £1
Ipswich Town Property Company Limited	100%	Property holding company	1 ordinary share of £1

Ipswich Town Stadium Company Limited and Ipswich Town Finance Company Limited were established to enable the Group to issue £25 million of loan notes.

Notes (continued)

15 Stocks

	Group 2003 £ 000's	2002 £ 000's	Company 2003 £000's	2002 £000's
Goods for sale	274	241	274	241

16 Debtors

	Group 2003 £ 000's	2002 £ 000's	Company 2003 £000's	2002 £000's
Trade debtors	534	2,111	534	2,111
Corporation Tax	-	1,100	-	1,100
Other debtors	545	997	545	997
Amounts due from subsidiary undertakings	-	-	2,497	4,123
Prepayments and accrued income	168	300	168	300
	<u>1,247</u>	<u>4,508</u>	<u>3,744</u>	<u>8,631</u>

Included in trade debtors are amounts totalling £375,000 (2002:£1,550,000) in respect of transfer fees receivable.

17 Bank Accounts

Of the cash balances held as at 30 June 2003, £1,523,000 was held by the Administrators. In addition £400,000 (2002: £2,836,000) was held in a Debt Reserve Account in respect of the £25m Loan Notes agreement which is not available to the group for working capital purposes.

18 Creditors: amounts falling due within one year

	Group 2003 £000's	2002 £000's	Company 2003 £ 000's	2002 £ 000's
Bank loans	1,140	1,025	1,121	1,000
Bank overdrafts	-	6,605	-	6,605
Directors loans (see note 29)	350	-	350	-
Obligations under finance leases and hire purchase contracts (see note 19)	121	100	121	100
Trade creditors	963	5,892	963	5,892
Other taxation and social security	832	1,167	832	1,167
Other creditors	163	132	163	132
Amounts owed under CVA (see note 10)	1,107	-	1,107	-
Accruals and deferred income	6,821	5,069	4,789	3,363
	<u>11,497</u>	<u>19,990</u>	<u>9,446</u>	<u>18,259</u>

Included in trade creditors are amounts totalling £105,000 (2002:£3,205,000) in respect of transfer fees payable. Bank loans include a loan secured on the training ground.

Notes (continued)

19 Creditors: amounts falling due after more than one year

	Group 2003 £ 000's	2002 £000's	Company 2003 £000's	2002 £000's
Loan Notes (net of issue costs)	24,449	24,426	-	-
Bank loans	5,395	1,874	5,283	1,749
Accruals and deferred income	2,638	2,300	605	199
Other creditors	340	-	339	-
Obligations under finance leases and hire purchase contracts	78	250	78	250
Amounts owed under CVA (see note 10)	1,096	-	1,096	-
	<u>33,996</u>	<u>28,850</u>	<u>7,401</u>	<u>2,198</u>

Under the original agreement the loan notes were repayable in annual instalments over a 25 year period at a fixed interest rate of 8.29%. The first payment under this agreement was made on 1 September 2002 amounting to £2,054,000 and was an interest only payment. The notes will be repaid in a securitisation agreement serviced by future season ticket and matchday ticket sales. The costs involved in raising the finance amounting to £598,000 have been offset against the £25,000,000 loan and are being amortised over the same period as the loan notes.

As a result of the CVA as set out in note 10, the group has re-negotiated the terms of these loan notes such that the amount of the repayment due each year is dependent upon whether the club is competing in the Football League or the Premier League. In addition, the interest rate payable on the loan notes will be reduced to 7.29% in years where the club is not competing in the Premier League.

Bank loans comprise £5,183,000 secured against future media income streams of which £1,803,000 is due after more than five years. This carries an interest rate of 2.5% over base. Of the remainder £1,352,000 is secured against freehold land and buildings of which £775,000 is due after more than five years. These loans carry a principal interest of 2.0% over base.

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

	Group 30 June 2003	30 June 2002	Company 30 June 2003 £ 000's	30 June 2002 £ 000's
Within one year	140	115	140	115
In the second to fifth years	88	286	88	286
	<u>228</u>	<u>401</u>	<u>228</u>	<u>401</u>
Less future finance charges	(29)	(51)	(29)	(51)
	<u>199</u>	<u>350</u>	<u>199</u>	<u>350</u>

20 Called up share capital

	Number of shares	£
<i>Authorised 2003 and 2002</i>		
Equity: Ordinary shares of 25p each	40,000	10,000
	<u>40,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid 2003 and 2002</i>		
Equity: Ordinary shares of 25p each	33,265	8,316
	<u>33,265</u>	<u>8,316</u>

Notes (continued)

21 Reserves

Group	Share premium Account	Revaluation Reserve	Capital Redemption Reserve	Profit and Loss Account
	£ 000's	£ 000's	£ 000's	£ 000's
At 1 July 2002	10	4,950	1	2,327
Retained loss for the year	-	-	-	(7,750)
Transfer	-	(204)	-	204
Relating to stadium impairment (see note 13)	-	(4,746)	-	-
At 30 June 2003	10	-	1	(5,219)

Company	Share premium account	Revaluation reserve	Capital redemption Reserve	Profit and loss account
	£ 000's	£ 000's	£ 000's	£ 000's
At 1 July 2002	10	4,950	1	2,025
Retained loss for the period	-	-	-	(6,047)
Transfer	-	(204)	-	204
Relating to stadium impairment (see note 13)	-	(4,746)	-	-
At 30 June 2003	10	-	1	(3,818)

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.

22 Contingent liabilities

(a) Player Transfers

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 £nil (2002:£200,000) excluding amounts which have been provided for.

(b) Obligations under Company Voluntary Arrangement (CVA) dated 2 May 2003

As set out in note 10 the company has obligations to pay additional amounts to certain creditors should the club achieve promotion in any of the next 3 years. Under the CVA preferential creditors will receive a 40% distribution instead of a 10% distribution for each year that the company is in the FA Premier League up to 30 June 2007 (subject to a maximum of 100% distribution). Unsecured creditors will receive a further 5% distribution for each year the club is in the FA Premier league up to 30 June 2007. The maximum contingent liability is estimated at £3.0million.

	30 June 2003		30 June 2002	
	Land and buildings	Other	Land and buildings	Other
Group	£ 000's	£ 000's	£ 000's	£ 000's
Operating leases which expire:				
Within one year	18	59	-	8
In the second to fifth years inclusive	42	7	73	55
Over five years	15	-	15	-
	<u>75</u>	<u>66</u>	<u>88</u>	<u>63</u>

	30 June 2003		30 June 2002	
	Land and buildings	Other	Land and buildings	Other
	£ 000's	£ 000's	£ 000's	£ 000's
Company				
Operating leases which expire:	18	59	-	8
Within one year	42	7	73	55
In the second to fifth years inclusive	15	-	15	-
Over five years				
	75	66	88	63

	Group		Company	
	30 June	30 June	30 June	30 June
	2003	2002	2003	2002
	£000s	£000s	£000s	£000s
Contracted	-	3,026	-	-

Notes (continued)

24 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 advisors, 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 allocation notified to Ipswich Town Football Club was £334,000 and accordingly provision for this amount was made in the financial statements for the period ending 30 June 2001. A further review of the deficit in March 2003 has resulted in a further provision of £126,000 in the current year. The charge for the normal pension cost is £283,000 (2002: £205,000). At the year end contributions totalling £50,825 (2002: £28,661) were outstanding.

25 Reconciliation of operating loss to net cash flow from operating activities

	Year ended 30 June 2003 £000's	Year ended 30 June 2002 £ 000's
Operating loss	(15,047)	(8,294)
Stadium impairment	307	-
Amortisation of players' registrations	7,387	10,817
Depreciation	1,640	1,283
Release of capital grant	(68)	(74)
Amortisation of capital raising costs	24	24
Increase in stocks	(33)	(75)
Decrease in debtors	986	674
Increase/(decrease) in creditors	2,069	(1,999)
Net cash (outflow)/inflow	(2,735)	2,356
Surplus arising on restructuring of debt	5,894	-
Net cash inflow from operating activities	3,159	2,356

Notes (continued)

26 Analysis of cash flows

	30 June 2003		30 June 2002	
	£ 000's	£ 000's	£ 000's	£ 000's
Return on investments and servicing of finance				
Interest received	26		387	
Interest paid	(2,741)		(285)	
		(2,715)		102
Capital expenditure				
Purchase of tangible fixed assets	(5,296)		(17,388)	
Sale of tangible fixed assets	11		25	
Purchase of intangible fixed assets	(3,313)		(13,912)	
Sale of intangible fixed assets	11,080		6,550	
		2,482		(24,725)
Financing				
Issue of loan notes	-		24,402	
Directors loans	350		-	
Receipts of new loans	-		3,299	
Repayment of loans	(1,547)		(2,990)	
Repayment of finance leases	(131)		(120)	
New Finance leases	-		220	
		(1,328)		24,811

27 Analysis of net debt

	At 1 June 2002	Cash flow	Other non cash Changes	At 30 June 2003
	£ 000's	£ 000's	£ 000's	£ 000's
Cash at bank and in hand	2,842	1,196	-	4,038
Overdraft and loans	(6,605)	1,422	5,183	-
	(3,763)	2,618	5,183	4,038
Debt due within one year	(1,125)	864	(1,000)	(1,261)
Debt due after one year	(26,550)	811	(4,183)	(29,922)
Total	(31,438)	4,293	-	(27,145)

28 Post balance sheet events

Since the year end a number of significant events have occurred which are material to the group's financial position which are summarised below:

(a) Issue of Convertible Loan Notes

On 7 August 2003 the company issued £950,000 of Convertible Loan Notes 2035. These Loan Notes accrue interest at a rate of 6.0% per annum, payable twice yearly in arrears, and are convertible at the Noteholders' option into shares in the company at a rate of 1 new ordinary share for every £20 of Loan Notes.

If unconverted, the Loan Notes may be redeemed from 2009 at the Noteholders' option at a maximum rate of 10% per annum whilst the club is in Division One and 20% per annum whilst the club is in The Premier League. Any amounts not redeemed by 30 September 2035 will be redeemed at that date.

Notes (continued)

28 Post balance sheet events (continued)

(b) Public offer of shares

On 22 August 2003, Ipswich Town plc (a company established by the directors of Ipswich Town Football Club Company Limited to effect a public offer of shares) made a takeover offer to the shareholders of the company to exchange their shares in the company for ordinary shares in Ipswich Town plc (share for share exchange). The takeover offer became unconditional in all respects on 25 September 2003, such that with effect from 26 September 2003, the company became, subject to the fulfillment of certain legal formalities, a wholly owned subsidiary of Ipswich Town plc.

Subsequently the Convertible Loan Notes referred to in (a) above were exchanged for new Convertible Loan Notes in Ipswich Town plc, which assumed all the rights and obligations of the original Convertible Loan Notes.

Following the share for share exchange, Ipswich Town plc is now proceeding with its planned public offer of shares which is planned for November 2003.

(c) Player movements

Since the year end the company has acquired the registrations of G Santos and K Davis on free transfers. In addition the company has transferred the registrations of T Gaardsoe and M Sereni.

29 Related party disclosures

During the year the company incurred fees of £129,000 (2002: £148,000) to Ashurst Morris Crisp for legal services. Of this amount £60,000 was an unsecured creditor under the CVA. Mr R Finbow, a Director of the Company, is a partner in this firm.

During the year certain directors loaned a total of £350,000 to the company. They comprised Mr D Sheephanks, Mr R Finbow, Mr J Kerr and Mr R Moore. These loans are non-interest bearing. After the year end £250,000 of these loans were exchanged for convertible loan notes, and £100,000 was repaid.