**Ipswich Town Football Club Company Limited**

# Directors' report and financial statements

Registered number 315421

30 June 2005



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# Company information

| | |
|---|---|
| **Directors** | David Sheepshanks D L (Chairman) |
| | Derek Bowden (Chief Executive) |
| | Holly Bellingham |
| | Kevin Beeston |
| | Roger Finbow |
| | Andrew Goulborn (Sales & Marketing Director) (Appointed 1.10.05) |
| | Philip Hope-Cobbold |
| | Anna Hughes (Finance Director) (Appointed 1.10.05) |
| | John Kerr MBE DL |
| | Richard Moore |
| **Secretary** | David Rose |
| **Registered Office** | Portman Road<br>Ipswich<br>IP1 2DA |
| **Company Registration Number** | 315421 |
| **Bankers** | Barclays Bank Plc<br>1 Princes Street<br>Ipswich<br>IP1 1PB |
| **Auditors** | KPMG LLP<br>6 Lower Brook Street<br>Ipswich<br>IP4 1AP |
| **Solicitors** | Prettys Solicitors<br>Elm House<br>25 Elm Street<br>Ipswich<br>IP1 2AD |
| | Ashurst<br>Broadwalk House<br>5 Appold Street<br>London<br>EC2A 2HA |

# Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

**Principal activities and business review**

The principal activity of the Company is the operation of a professional football club, together with related ancillary activities.

**Results and dividends**

The results for the Company are set out in the profit and loss account on page 5.

The loss for the year before and after taxation amounted to £3,490,000 (2004: profit of £1,249,000).

The Directors do not recommend the payment of a dividend.

**Directors and directors' interests**

The Directors who held office during the year were as follows:

D Sheepshanks
D Bowden
K Beeston
H Bellingham
R Finbow
A Goulborn (appointed 1 October 2005)
P Hope-Cobbold
A Hughes (appointed 1 October 2005)
J Kerr
R Moore

No director has any interest in the shares of the Company or any other group undertaking, other than the Ultimate Holding Company, Ipswich Town plc. The directors' interests in the shares of that Company are disclosed in the directors' report of that Company.

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

**Disabled Employees**
The Company 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.

**Charitable Donations**
During the year the Company made charitable donations of £9,313 (2004: £8,245) mainly from the Company's share of proceeds from the FA Community Shield.

**AGM and Auditors**
The Company has adopted the elective regime dispensing with the requirement to hold annual general meetings, lay accounts and reports before the Company in general meeting and to appoint auditors annually.

By order of the Board

**DR Sheepshanks**
*Chairman*

Portman Road
Ipswich

13 March 2006

## 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.

KPMG

*6 Lower Brook Street*
*Ipswich*
*IP4 1AP*
*United Kingdom*

# Independent auditors' report to the members of Ipswich Town Football Club Company Limited

We have audited the financial statements on pages 5 to 20.

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 3, 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 Company 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 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 affairs of the Company as at 30 June 2005 and of its loss of the Company 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*

13 March 2006

## Profit and loss account

For the year ended 30 June 2005

| | | Operations (excluding player amortisation and trading) Year ended 30 June 2005 £000 | Player amortisation and trading Year ended 30 June 2005 £000 | **Total Year ended 30 June 2005 £000** | Total Year ended 30 June 2004 £000 |
|---|---|---|---|---|---|
| **Turnover** | 2 | 12,085 | - | **12,085** | 19,888 |
| Cost of sales | | (14,059) | (278) | **(14,337)** | (17,761) |
| **Gross (loss)/profit** | | (1,974) | (278) | **(2,252)** | 2,127 |
| Administrative expenses | | (3,362) | - | **(3,362)** | (673) |
| Other operating income | *3* | 138 | - | **138** | 133 |
| **Operating (loss)/profit** | | (5,198) | (278) | **(5,476)** | 1,587 |
| Profit on disposal of players | *4* | - | 2,531 | **2,531** | 391 |
| **(Loss)/profit before interest and taxation** | | (5,198) | 2,253 | **(2,945)** | 1,978 |
| Interest receivable and similar income | *8* | | | **76** | 144 |
| Interest payable and similar charges: | | | | | |
| Interest payable | *9* | | | **(621)** | (387) |
| Amounts relating to CVA restructuring | *10* | | | - | (486) |
| **(Loss)/profit on ordinary activities before taxation** | *5-7* | | | **(3,490)** | 1,249 |
| Tax on (loss)/profit on ordinary activities | *11* | | | - | - |
| **(Loss)/profit on ordinary activities after taxation** | | | | **(3,490)** | 1,249 |

The above results relate entirely to continuing operations.

There were no recognised gains and losses for the current financial period other than those stated in the profit and loss account.

There is no material difference between the results disclosed above and their historical cost equivalents.

The notes on pages 7 to 20 form part of these financial statements.

## Balance Sheet

At 30 June 2005

| | Note | 30 June 2005 £000 | 30 June 2004 £000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 12 | **731** | 684 |
| Tangible assets | 13 | **3,127** | 3,328 |
| Investments | 14 | **-** | - |
| | | **3,858** | 4,012 |
| **Current Assets** | | | |
| Stocks | 15 | **337** | 423 |
| Debtors | 16 | **2,374** | 3,337 |
| Cash at bank and in hand | 17 | **2,765** | 2,512 |
| | | **5,476** | 6,272 |
| **Creditors:** amounts falling due within one year | 18 | **(6,627)** | (4,763) |
| **Net current (liabilities)/assets** | | **(1,151)** | 1,509 |
| **Total assets less current liabilities** | | **2,707** | 5,521 |
| **Creditors:** amounts falling due after more than one year | 19 | **(7,861)** | (7,185) |
| Provisions for liabilities and charges | 11 | **-** | - |
| **Net liabilities** | | **(5,154)** | (1,664) |
| **Capital and reserves** | | | |
| Called up share capital | 20 | **19** | 19 |
| Share premium account | 21 | **885** | 885 |
| Capital redemption reserve | 21 | **1** | 1 |
| Profit and loss account | 21 | **(6,059)** | (2,569) |
| **Shareholders' deficit (including non-equity interests)** | | **(5,154)** | (1,664) |

These financial statements were approved by the board of directors on 13 March 2006 and were signed on its behalf by:

**D R Sheepshanks**
*Director*

**D Bowden**
*Director*

The notes on pages 7 to 20 form part of these financial statements.

# 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 on a going concern basis, and in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Ipswich Town plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Ipswich Town plc, within which this company is included, can be obtained from the address given in note 27.

Deferred income relating to ticket revenues received in advance on behalf of Ipswich Town Stadium Company have been reclassified to be included within amounts due from fellow group undertakings. Previously these amounts had been disclosed within accruals and deferred income. The prior year numbers have been restated accordingly (amounts due from fellow group undertakings £2,885,000, accruals and deferred income £2,885,000). This change in accounting disclosure has been made to give a more appropriate disclosure of the underlying agreement in place. It has no impact on previously reported results or net liabilities.

***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.

***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 |
| 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.

***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 players' 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.

## *Notes (continued)*

***Pension costs***

The Company operates various defined contribution schemes. The assets of the schemes are held separately from those of the Company 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.

***Stock***

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.

***Turnover***

Turnover represents commercial income (comprising executive box rentals, sponsorships, retail sales and other commercial income), fees charged to a subsidiary, Ipswich Town Stadium Company Limited, for the provision of football matches at the Stadium and central and local television and radio rights and other league sponsorships. Television income is recognised in the period in which the relevant matches are televised and football match fees are charged on a by-match basis.

## Notes *(continued)*

### 2 Turnover

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Commercial income | **7,549** | 8,019 |
| Television/radio and share of Premier League sponsorships | **1,286** | 8,619 |
| Recharges to subsidiary for games played | **3,250** | 3,250 |
| | **12,085** | 19,888 |

### 3 Other operating income

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Donations from: | | |
| East Anglian Sports Association (Ipswich) | **75** | 69 |
| Ipswich Town Development Association | **63** | 64 |
| | **138** | 133 |

### 4 Profit on disposal of players

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Proceeds for players' registrations sold or cancelled | **3,000** | 873 |
| Less players' registrations sold not amortised to date | **(469)** | (482) |
| | **2,531** | 391 |

## Notes *(continued)*

### 5 Loss on ordinary activities before taxation

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| **Loss on ordinary activities before taxation is stated** | | |
| after charging: | | |
| Auditors: | | |
| Audit | **6** | 6 |
| Other | **-** | - |
| Depreciation and other amounts written off tangible fixed assets: | | |
| Owned | **421** | 488 |
| Leased | **64** | 54 |
| Amortisation of players' registrations | **278** | 453 |
| Hire of plant and machinery - rentals payable under operating leases | **89** | 72 |
| Hire of other assets - operating leases - Ground rent | **15** | 15 |
| - Shop and warehouse rent | **64** | 58 |

### 6 Remuneration of directors

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Directors' emoluments | **255** | 321 |
| Company contributions to money purchase pension scheme | **21** | 23 |
| | **276** | 344 |

The aggregate of the emoluments of the highest paid director in the year ended 30 June 2005 was £176,000 (2004: £226,000) and company pension contributions of £14,000 (2004: £15,000) were made to a money purchase scheme on his behalf.

### 7 Staff numbers and costs

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

| | Year ended 30 June 2005 | | Year ended 30 June 2004 | |
|---|---|---|---|---|
| | **Full time** | **Part time** | Full time | Part time |
| Players | **29** | **-** | 31 | - |
| Senior coaches and scouts | **7** | **-** | 7 | - |
| Academy | **9** | **3** | 8 | 4 |
| Medical & kit | **6** | **6** | 6 | 4 |
| Regulatory & grounds | **19** | **4** | 18 | 5 |
| Communications | **4** | **-** | 4 | - |
| Commercial | **49** | **13** | 45 | 8 |
| Finance and administration | **17** | **4** | 15 | 2 |
| Community Trust (from 1 July 2004) | **11** | **1** | - | - |
| | **151** | **31** | 134 | 23 |

## Notes *(continued)*

**7 Staff numbers and costs (continued)**

The above numbers do not include non-executive directors. The Company used an average of 381 casual staff for matchdays (2004: 370) and an average of 63 for coaching sessions (2004: 27). 17 Youth trainees (2004: 20) are also excluded from the numbers.

The aggregate payroll costs of these persons were as follows:

| | **Year ended 30 June 2005 £ 000** | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Wages and salaries | **10,200** | 12,716 |
| Social security costs | **980** | 1,314 |
| Other pension costs | **251** | 242 |
| | **11,431** | 14,272 |

The above figures include benefits in kind but exclude £369,000 (2004: £339,000) of staff costs recharged to a subsidiary.

**8 Interest receivable and similar income**

| | **Year ended 30 June 2005 £ 000** | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Bank and other interest receivable | **76** | 144 |

**9 Interest payable and similar charges**

| | **Year ended 30 June 2005 £ 000** | Year ended 30 June 2004 £ 000 |
|---|---|---|
| On bank loans, overdrafts and loan notes | **612** | 380 |
| Finance charges payable in respect of finance leases and hire purchase contracts | **9** | 7 |
| | **621** | 387 |

## Notes *(continued)*

### 10 Amounts relating to CVA restructuring

| | **Year ended 30 June 2005 £ 000** | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Net (deficit) arising from entering a CVA | - | (383) |
| Costs of administration/ further fees | - | (103) |
| | - | (486) |

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

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

In the year ended 30 June 2004 further write offs and costs relating to the period of administration, including professional fees, arose totalling a net £486,000. In the year to 30 June 2005 there were no further costs arising from the period of administration.

### 11 Taxation

| | **Year ended 30 June 2005 £ 000** | Year ended 30 June 2004 £ 000 |
|---|---|---|
| UK Corporation tax at 30% | - | - |

## Notes *(continued)*

### 11 Taxation (continued)

*Factors affecting the tax charge for the current period*

The current tax charge for the year is lower than the standard rate of corporation tax in the UK 30% (2004: 30%). Factors affecting the tax charge for the period, and which account for the difference between the actual rate and the standard rate, are explained below.

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| (Loss)/profit on ordinary activities before tax | **(3,490)** | 1,249 |
| *Current tax reconciliation* | | |
| Current tax charge (credit) at 30% (2004:30%) | **(1,047)** | 375 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **19** | (525) |
| Depreciation in excess of capital allowances | **145** | 67 |
| Effect of tax losses | **943** | 201 |
| Movement in short term timing differences | **(60)** | (118) |
| Current tax charge (above) | **-** | - |

The amounts provided for deferred taxation at 30 June 2005 are as follows:

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Difference between accumulated depreciation and capital allowances | **188** | 258 |
| Other timing differences | **(76)** | - |
| Losses available for future off-set | **(112)** | (258) |
| | **-** | - |

The Company also has approximately £10million of tax losses available for future offset which have not been provided.

## Notes *(continued)*

### 12 Intangible fixed assets

| | Player registrations £ 000 |
|---|---|
| ***Cost*** | |
| At 1 July 2004 | 9,043 |
| Additions | 793 |
| Disposals | (6,817) |
| At 30 June 2005 | **3,019** |
| ***Amortisation*** | |
| At 1 July 2004 | 8,359 |
| Additions | 278 |
| Disposals | (6,349) |
| At 30 June 2005 | **2,288** |
| ***Net book value*** | |
| **At 30 June 2005** | **731** |
| At 30 June 2004 | 684 |

## Notes *(continued)*

### 13 Tangible fixed assets

| | Freehold, Land and Buildings £ 000 | Motor Vehicles £ 000 | Fixtures, Fittings and Equipment £ 000 | Total £ 000 |
|---|---|---|---|---|
| ***Cost or valuation*** | | | | |
| At 1 July 2004 | 1,935 | 322 | 4,906 | 7,163 |
| Additions | - | 221 | 118 | 339 |
| Disposals | - | (242) | - | (242) |
| At 30 June 2005 | **1,935** | **301** | **5,024** | **7,260** |
| ***Depreciation*** | | | | |
| At 1 July 2004 | 87 | 240 | 3,508 | 3,835 |
| Additions | 30 | 44 | 411 | 485 |
| Disposals | - | (187) | - | (187) |
| At 30 June 2005 | **117** | **97** | **3,919** | **4,133** |
| ***Net book value*** | | | | |
| **At 30 June 2005** | **1,818** | **204** | **1,105** | **3,127** |
| At 30 June 2004 | 1,848 | 82 | 1,398 | 3,328 |

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 | Fixtures, fittings and equipment £ 000 |
|---|---|---|
| **Net book value** | | |
| **At 30 June 2005** | **180** | **104** |
| At 30 June 2004 | 64 | 130 |
| **Depreciation** | | |
| **Year to 30 June 2005** | **38** | **26** |
| Year to 30 June 2004 | 21 | 33 |

## Notes *(continued)*

### 14 Fixed asset investments

**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 Football Club Education and Sports Trust Company Limited* | 100% | Charitable Trust | Limited by guarantee |

* The Company commenced trading on 1 July 2004 following the transfer of trading assets of the Ipswich Town Community Project. Since the year end, the Company has changed its name to Ipswich Town Community Trust.

### 15 Stocks

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Goods for sale | 337 | 423 |

### 16 Debtors

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Trade debtors | 2,003 | 768 |
| Other debtors | 240 | 938 |
| Amounts due from fellow group undertakings | - | 1,471 |
| Prepayments and accrued income | 131 | 160 |
| | 2,374 | 3,337 |

Included in trade debtors are amounts totalling £1,250,000 (2004:£200,000) in respect of transfer fees receivable.

### 17 Bank accounts

Of the cash balances held as at 30 June 2005 £105,000 (2004: £155,000), was held by the CVA Supervisors to meet obligations arising from the Administration period.

## Notes *(continued)*

### 18 *Creditors: amounts falling due within one year*

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Bank loans | **570** | 587 |
| Obligations under finance leases and hire purchase contracts (see note 19) | **54** | 63 |
| Trade creditors | **1,626** | 740 |
| Other taxation and social security | **1,447** | 1,026 |
| Other creditors | **145** | 197 |
| Amounts due to subsidiary companies | **1,622** | - |
| Amounts owed under CVA (see note 10) | **389** | 379 |
| Accruals and deferred income | **774** | 1,771 |
| | **6,627** | 4,763 |

Included in trade creditors are amounts totalling £587,500 (2004: £105,000) in respect of transfer fees payable. Bank loans include a loan secured on the training ground.

### 19 Creditors: amounts falling due after more than one year

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Bank loans | **4,709** | 4,977 |
| Other creditors | **90** | 190 |
| Obligations under finance leases and hire purchase contracts | **79** | 11 |
| Amounts owed under CVA (see note 10) | **384** | 719 |
| Amounts due to parent company | **2,360** | 1,285 |
| Accruals and deferred income | **239** | 3 |
| | **7,861** | 7,185 |

Bank loans include a term loan from Barclays of £4,302,000 secured against future media income streams of which £1,802,000 is due after more than five years. This carries an interest rate of 3% over base. The remaining £977,000 is a loan with Bank of Scotland secured against freehold land and buildings of which £641,000 is due after more than five years. This loan carries a principal interest rate of 2% over base.

Amount due to parent company represents a Loan Note Loan due in 2035. This carries an interest rate of 8%.

## Notes *(continued)*

### 19 Creditors: amounts falling due after more than one year (continued)

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

| | Year ended 30 June 2005 £ 000 | Year ended 30 June 2004 £ 000 |
|---|---|---|
| Within one year | **61** | 80 |
| In the second to fifth years | **88** | 11 |
| | **149** | 91 |
| Less future year charges | **(16)** | (17) |
| | **133** | 74 |

### 20 Called up share capital

| | Number of Shares | £ |
|---|---|---|
| ***Authorised*** | | |
| Equity: Ordinary shares of 25p each (30 June 2005 and 30 June 2004) | 200,000 | 50,000 |
| ***Allotted, called up and fully paid*** | | |
| Equity: Ordinary shares of 25p each (30 June 2005 and 30 June 2004) | 77,583 | 19,396 |

### 21 Reserves

| | Share premium account | Capital redemption reserve | Profit and loss account |
|---|---|---|---|
| | **£ 000** | **£ 000** | **£ 000** |
| At 1 July 2004 | 885 | 1 | (2,569) |
| Retained loss for the year | - | - | (3,490) |
| **At 30 June 2005** | **885** | **1** | **(6,059)** |

## Notes *(continued)*

### 22 Contingent liabilities

a) Player Transfers

The Company 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 £248,000 (2004: £50,000) excluding amounts which have been provided for.

b) Obligations on promotion to the Premier League

Should the Club be promoted to the Premier League at the end of the 2005-6 season, it is required to make additional payments to players, coaches, players' former clubs and CVA creditors of £4.2m.

### 23 Commitments

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

| | **30 June 2005** | | 30 June 2004 | |
|---|---|---|---|---|
| | **Land and Buildings** | **Other** | Land and Buildings | Other |
| | **£ 000** | **£ 000** | £ 000 | £ 000 |
| Operating leases which expire: | | | | |
| Within one year | **-** | **18** | - | 10 |
| In the second to fifth years inclusive | **20** | **49** | 20 | 28 |
| Over five years | **75** | **9** | 71 | - |
| | **95** | **76** | 91 | 38 |

b) There are no capital commitments at the end of the financial period for which no provision has been made.

### 24 Pension commitments

Certain staff of the Group 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.

Ipswich Town Football Club Company Limited 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 Group, 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 Group 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 £14,000 for the current year (2004: £17,000).

The charge for the normal pension cost is £277,000 (2004: £256,000). At the year end, contributions totalling £46,000 (2004: £60,000) were outstanding and as at 30 June 2005 the Company had a liability of £154,000 (2004: £203,000).

## Notes *(continued)*

### 25 Post balance sheet events

(a) Player movements
Since the year end the Company has acquired the registration of Luis Rodriguez, sold Kelvin Davis and cancelled the registration of Pablo Counago.

(b) Debt rescheduling
Since the year end the Group has agreed in principle to substantially reduce its interest payments on its long term debts. Ipswich Town Finance Company Limited, one of the Company's subsidiary undertakings, has agreed in principle to significantly reduce the interest payments on its 25 year loan notes due in the years 2006 and 2007. The detailed arrangements are currently being finalised. The Company has also agreed to a significant reduction in its interest payments to its principal bankers over the same period of time.

### 26 Related party disclosures

During the year ended 30 June 2005 the Group incurred fees of £38,000 (2004: £293,000) to Ashurst for legal services, part of which related to services provided to the Company. Mr R Finbow, a Director of the Company, is a partner in this firm.

### 27 Ultimate holding company

100% of the share capital of the Company is owned by Ipswich Town plc.

The consolidated accounts of Ipswich Town plc are available to the public and can be obtained from Portman Road, Ipswich, IP1 2DA.