Everton Football Club Company Limited

Annual Report and Accounts 2010

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NIL SATIS NISI OPTIMUM
Everton

Contents

Directors and Advisors

NIL SATIS NISI OPTIMUM
NOTHING BUT THE BEST

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J V Woods Deputy Chairman
R I Earl
Sir P D Carter CBE

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R Elstone

Company Secretary
M J Evans

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Chairman's Statement

Last season truly was the proverbial game of two halves!

I know I am doing exactly the same as many thousands of other Evertonians by splitting the League season in two – largely ignoring what happened before Christmas and delighting in our team's exploits as the days grew longer.

If the final five months of the season had been taken in isolation, we would, I am told, have finished in third place such was the level of consistency shown by David Moyes' boys. That's to say we finished football's great marathon sprinting...another two or three weeks and we would, I am certain, have booked a return to European action.

Solace could be said to be a common currency inside football but, I truly did take both comfort and encouragement from the marvellous victories over the likes of Chelsea, Manchester United and Manchester City - although probably my season's highlight was the game played in snow-flurries at the Emirates. A game which we didn't win – criminally so – but in which we performed with such class and freedom that it sent a reminder to those who, wrongly, believe the Premiership continues to boast an exclusive club, an untouchable enclave, which is capable of repelling all aspiring borders.

As is always the case, our manager received the full and unequivocal backing of myself and my fellow Directors because like so many of my fellow Evertonians we remain convinced that we have one of the very best managers in the land. A man who gives every hour of his waking day to this football club.

In modern football, the difference between success and failure can be wafer-thin. Yes, those clubs fortunate enough to boast a rich and generous benefactor undoubtedly have a clearly defined advantage but the outcome of crucial matches are quite often decided not by the size of a bank balance but more by skill, good fortune or the whim of a referee.

From a financial perspective, the year was one which was underpinned by sensible business management which enabled us to continue to do everything within our collective power to help the manager in his concerted efforts to build a squad which would challenge the top four.

Turnover for the year of £79.1 million represented a decrease of £0.6 million on the previous year, £79.7 million, a figure which was boosted by our progress through to the FA Cup Final.

Irrespective of their standing within the various leagues, clubs will invariably be judged on two things – performance and level of support. Our average attendance for Premier League games at Goodison Park rose to almost 37,000 during the course of the last campaign, a statistic which delights me but does not surprise me simply because we are fortunate enough to boast the most loyal and knowledgeable crowd in British football.

As ever, the playing staff was subjected to change. We welcomed to our Club Diniyar Bilyaletdinov, Sylvain Distin, John Heitinga – fleetingly but tellingly – Landon Donovan.

We lost Joleon Lescott to Manchester City but his sale was the principal reason we were able to post a profit of £19.0 million on player-trading in the last financial year.

Every year brings a measure of sadness with the passing of those we have loved and we said fond farewells to, amongst others, Tommy Clinton, who played in our 1953 FA Cup semi-final defeat by Bolton Wanderers, T.E.Jones, who made more than 400 senior appearances between 1950 and 1962, and also the wonderful Dolly Sagar, wife of the legendary Ted.

I would like to take this opportunity to pay a warm personal tribute to the Rev. Harry Ross who has retired after more years than he will care to remember as the custodian of St Luke's , a church which is unique insomuch as it actually forms part of the fabric of our Club's famous old stadium.

Harry has been a loyal and invaluable friend to both myself and the Club down the years and he will, I suspect, always be rightly recognised as the driving force and inspiration behind the Everton Former Players' Foundation, a laudable organisation which seeks to guarantee the wellbeing of those who have served our Club.

I am very grateful for the support and the tireless efforts of our CEO, Robert Elstone, his Executive team and the Club's staff – all have brought professionalism and dedication to the, at times, complex and always demanding task of running the Club on a daily basis.

May I also place on record my thanks to the Club's bankers, Barclay's Bank plc and to our various sponsors and partners – particularly Chang and Kitbag, both of whom provided invaluable support throughout what was another demanding year.

On behalf of you all, may I express my heartfelt thanks to our dedicated matchday staff and to the members of the various emergency services who work so tirelessly to ensure both the safety and the comfort of all those who attend matches at Goodison Park.

Everton remains an integral part of both my personal and business life; I love the Club as much now as I did all those years ago when the most enduring love affair of my life began.

I am proud to be Chairman of what I still believe to be the greatest club in world football and, as ever, I shall continue to work tirelessly for the cause. At the same time as I continue to work tirelessly to find that rich and generous benefactor.

Bill Kenwright

Financial Review

The financial results for the year ended 31st May 2010 reflect the first year of a new retail agreement with Kitbag, participation to the Round of 32 of the UEFA Europa League and further investment in the playing squad.

Turnover for the year of £79.1m represented a decrease of £0.6m over the prior year (2009: £79.7m). Gate receipts fell by £2.7m to £19.2m, however the prior year figure included additional gate receipts from reaching the final of the FA Cup. In terms of Premier League matches alone, average attendances increased to 36,729 (2009: 35,667).

Turnover from broadcasting increased to £50.2m (2009: £48.6m). The increase in broadcasting revenue was generated as a result of reaching the Round of 32 in the UEFA Europa League. Domestic broadcast revenue reduced due to an eighth place finish in the Premier League (2009: fifth place finish) and a lower number of live televised Premier League matches involving Everton (2010: 13 live matches, 2009: 17 live matches). Sponsorship revenue also increased to £7.1m (2009: £6.1m) arising from the first year of the new retail agreement with Kitbag.

The Club's annual wage bill as a proportion of turnover was 69% representing an increase from 62% in the prior year, but is still considered an appropriate level of investment in staff costs. This increase primarily arises from further investment in the playing squad in the year, giving rise to an increase in the wage bill to £54.3m (2009: £49.1m). This investment was made to remain competitive in the Premier League and contributed to the successful run in the UEFA Europa League. As ever we will continue to closely monitor this cost and take appropriate action as required. Furthermore, if the full revenue from the outsourced catering and retail operations were included in the Club's turnover figure the wage bill as a proportion of turnover would have been 64%.

As a result of the key factors outlined above, and with the further investment in the playing squad, we have recorded an operating loss for the year before player trading of £0.5m (2009: profit of £6.3m). The inclusion of the amortisation of players' registrations of £17.1m (2009: £13.0m) and a profit on disposal of player registrations of £19.0m (2009: £3.8m), principally arising from the sale of Joleon Lescott to Manchester City, gives a profit before interest and taxation of £1.4m (2009: loss of £3.0m).

When we incorporate the net annual interest charge of £4.5m (2009: £4.0m), principally arising from the servicing of the securitised debt and the bank overdraft, as well as interest receivable, the accounts show a pre tax loss of £3.1m (2009: £6.9m).

Borrowings for the year increased to £47.6m (2009: £40.7m) reflecting the increased investment in the playing squad. However, £21.1m (2009: £22.1m) is not due for repayment for more than five years. The net debt position now stands at £44.9m (2009: £37.9m).

As a result of the above trading including transfer activity, the balance sheet shows a net liability position of £29.8m (2009: £26.7m). However, it should be noted that the balance sheet contains £10.3m of deferred income in relation to advance season-ticket and lounge membership sales which will be released to the profit and loss as games are played during the 2010/11 season hence will not require repayment. In addition, £21.1m of borrowings are not repayable for more than five years and the balance sheet attributes no value in respect of home grown players such as Jack Rodwell, James Vaughan, Victor Anichebe, Leon Osman and Tony Hibbert.

In terms of cash flows, the cash inflow from operating activities was £1.4m (2009: £9.7m). After net payments for interest of £4.5m, net capital expenditure (including expenditure on player transfers) of £3.8m and net cash inflows from financing of £5.7m, the decrease in cash for the year was £1.2m (2009: decrease of £1.8m).

The Board recognises there are risks which affect the Group and has sought to minimise those risks. Our cost-base, in common with other football clubs, is relatively fixed in the short-term, hence unfavourable movements in revenue, including those arising from below budget on-pitch performance, can lead to significant variation in profits. It is the aim of the Board to maximise the flexibility of the cost-base to deal with unexpected revenue reductions. Further information on the Group's funding requirement is set out in Note 1.

The Group enters into a number of transactions, relating mainly to player transfers, which create exposure to movements in foreign exchange. The Group monitors this foreign exchange exposure on a continuous basis and will seek to hedge any significant exposure in its currency receivables and payables. The Group's policy is to reduce as far as possible the interest risk by entering into fixed interest rate borrowings when appropriate.

Nil Satis Nisi Optimum

Following the success of our fan survey in 2008, the last year has again seen us make a number of amendments and improvements to the Club's offerings in terms of consultation with supporters.

As part of our ongoing commitment to further understand the needs and desires of fans we sought opinions on a wide variety of topics - prompting more than 5,000 responses which have served as a guide in some of the more significant changes we implemented.

Specifically, the survey asked current and lapsed season-ticket holders about both their renewal intentions and price sensitivity - information which was subsequently used as the basis for our pricing decisions.

For those season-ticket holders who had lapsed, we looked at specific reasons for non-renewal and were then able to tailor communication to these people accordingly.

In addition to this we surveyed match-by-match attendees asking specific questions about motivations and barriers to attendance - as well as the impact of various factors on their likelihood to buy – including pricing and lifestyle.

Following this, focus group discussions told us about the kind of information supporters wish to receive about season-tickets and when they want to know in order that they might plan their payments. In response to this we communicated pricing and payment information earlier and set up a dedicated microsite via evertonfc.com, something which held all relevant details with regards to purchasing a season-ticket.

Another success ahead of the 2009/10 campaign was a season-ticket "Open Day" staged at Goodison Park. Once all the season-ticket renewals for the year had been completed, we invited supporters to visit the stadium and view the remaining seats, an initiative which prompted further sales.

For 2009, an additional survey was held specifically amongst Hospitality Members. The aim was to help us better understand core customer segments and the users of different lounges at Goodison Park. We took the comments and recommendations we received on board and have subsequently made improvements throughout our match-day lounges and to the available packages.

Throughout the summer of 2010 we worked, with the support of the Everton Collection, to develop and build a timeline around the outside of the stadium. Starting at the visitors' entrance to the Park End on Bullens Road, the timeline stretches to Goodison Road and tells the story of our illustrious 132-year history through some of the most iconic photographs ever taken.

Continuing the Club's ongoing efforts to enhance and develop relationships with supporters' groups, senior players, Chief Executive Robert Elstone and members of the Executive Management team visited a number of supporters' clubs across the country, speaking to and listening to fans. This process, which began in January 2009, also proved invaluable in helping us to interact and engage with Evertonians and to better understand their key issues and concerns.

Progress was also made on our strategy of investing in CRM (Customer Relationship Management) technologies and techniques to help us centralise our data. This ongoing process enabled us to communicate with our customers to far greater effect, cultivating a more informed and aware business.

In March, a dinner to celebrate the 25th anniversary of Everton's achievements in the 1984/85 season became the biggest event the Club has ever staged with more than 800 people in attendance to toast Howard Kendall's remarkable League and European Cup Winners' Cup winning side.

In addition, the demand for the End of Season Awards - which has unquestionably become one of the premier nights on the city of Liverpool's social calendar – was such that a larger venue than in previous years was required and so it was in the magnificent surroundings of Liverpool's Anglican Cathedral that 700 of our closest friends gathered to see Steven Pienaar honoured as Everton's Player of the Season.

In preparation for the 2010/11 campaign, the Club was delighted to secure a pre-season tour of Australia. Our first trip down under since the 1980s allowed us to renew old acquaintances and to make new friends. The tour did not simply financially benefit the Club but also provided David Moyes' first team with three testing fixtures whilst allowing us to work more closely with our main partner Chang.

The Club's official website, evertonfc.com, came out top in a Premier League fan survey in terms of return visits, whilst evertontv, the Club's online television channel, achieved record subscriptions in August 2009 when a Europa League game against Czech side Sigma Olomouc - which could not be seen anywhere else in the UK - was broadcast live. The month also saw a record number of visitors to evertonfc.com with more than 800,000 people logging on to the website.

Evertonfc.com was successfully re-launched in February 2010 and, for the first time since its launch in 2006, the service was be able to show every minute of the Club's pre-season schedule - resulting in record subscription numbers.

New deals were negotiated with web designers Rippleffect, whilst Cre8 became the new designers of the Everton match-day programme and official Club magazines, Evertonian and Blues.

Elsewhere, the Club's contract to produce an international television show was extended for a further three years and is now broadcast across the US, Asia and the Middle East.

Whilst the traditional web offerings continue to thrive, we have stepped up our commitment to social media platforms, become one of the first clubs to launch an iPhone app and the first to launch an Android equivalent.

Commercial Review

It is now six years since Chang signed a ground-breaking deal to become the main partner of Everton Football Club, and in the past 12 months the link between Bangkok and Goodison Park has grown ever stronger.

As a Club, we made several trips to the Thai capital last year, including one in November 2010 when we took first-team player Marouane Fellaini with us to spend time visiting the Bangkok Metropolitan Academy, the Thai Bev Academy and the head offices of Chang. Now, as we begin a new financial year, we are thrilled to be in negotiations with them over another multiyear extension.

Compounded by the downturn in the global economy with companies either reviewing, curtailing and/or simply ceasing their marketing spend, it has been a challenging year for our Partnerships team. But it is nevertheless a vital stream of revenue for the Club and we are delighted to announce that we've renewed with Sportech and Thomas Cook Sport and welcomed 188BET and Audi to our roster of partners.

The 2009/10 season saw us complete our first full year working alongside retail partner, Kitbag, and we are delighted at how the relationship has strengthened in that time. The purple Liverpool Unites charity shirt, which sold in record numbers, was a particular highlight, whilst Kitbag were instrumental in helping us with plans for a state-of-the art retail and administration development adjacent to the Goodison Park stadium. In November 2010 planning permission was awarded for the four-floor, self-funded development, which will house a retail store, museum, cafe, corporate hospitality lounge and office space, and we hope to have the project operational by autumn 2011.

We acknowledge that there is much more work to be done to further improve upon the seemingly never-ending search for sponsorship, advertising and third party investment, but we now feel better prepared to take advantage of both national and international opportunities as and when they present themselves.

Despite the challenging economic climate, it has been another successful year for our Corporate Sales team. The combination of offering a price 'freeze' for two-year memberships (just over a third of members have opted for this arrangement), various payment options and a willingness to listen to members suggestions from a number of lunches and discussion groups as to how we could improve the matchday experience, has resulted in a consistent level of corporate hospitality memberships in 2010/11 compared with 2009/10.

Add to this the investment in sales practices and procedures, and indeed a justified belief in our award-winning hospitality, and we should begin to reap the rewards for our persistence. Additionally, the traditional matchday sponsorship opportunities have been reviewed and although most were determined to be reflective of the customers wishes, we also introduced another category to complement the 2009/10 inventory.

While it was always going to be hard to improve upon the number of full season-ticket holders we saw coming through the gates in 2009/10, especially in light of the current economic climate, marginal price increases and our narrowly missing out on European football, the first team's second half of the season performances created a groundswell of belief, optimism and enthusiasm which, when complemented by a creative multi-media marketing campaign, translated into a 5.8% season on season increase in Early-Bird season-ticket sales.

Another plus was that 48% of season-ticket sales during the Early-Bird period in 2010 were made online, underlining the important role the Club's official website continues to play in helping achieve key business objectives, while alleviating pressure on Fan Centre staff.

The direct-debit offering was extended from four months to five months to make it easier for supporters to afford their 2010/11 season-ticket, and again we saw a season on season increase on the uptake of this offer.

Despite the constricted selling period - World Cups invariably result in a change of emphasis and interest from club to country – we maintained the momentum to at least get us within striking distance of 25,000 season-tickets sales.

Looking at the glass " half-full " scenario, any dip in the number of full Season Ticket holders presents the opportunity of selling more match-day tickets, priced for the 2010/11 season via categories selected to both reflect the anticipated quality of the opposition and public demand. The gauntlet will again be thrown down to everyone at the Club, but specifically Media and Communications, Marketing and the Fan Centre, to engage with the fan-base and thus realise much-needed revenue.

To this end, ticket sales for the 'Brotherhood Cup' pre-season home match against Everton de Viña del Mar easily surpassed the total achieved for the 2009/10 fixture against Malaga, helping us start on the front foot.

Elsewhere, thanks to a welcome input from both Academy and Everton Foundation coaching staff, the Everton Way fulfilled its obligations and strengthened relationships with affiliations in the US, Canada, Kuwait, Greece, Thailand, Malaysia, Australia and New Zealand despite undergoing a comprehensive review of its format, fees and suitability for everchanging and emerging markets.

Everton In The Community

2010 has seen Everton In The Community (EITC) enjoy an extremely successful year. The charity has achieved international recognition for its work and positively engaged with even more people from all walks of life across the North-West of England.

The Club's community-serving charitable arm is proud to deliver a range of programmes to promote health, education, social inclusion and equality of opportunity across Merseyside using the power of sport.

EITC aims to instil confidence in people by creating routes into education, training and employment, and steer them away from crime and anti-social behaviour. EITC also runs a wide range of programmes for people with disabilities and manages successful teams for wheelchair, blind and visually-impaired football players.

The most notable achievement of the past year came at Europe's most prestigious commercial sport awards. EITC won The Community Programme Award for its 'Imagine Your Goals' Mental Health Football Project at the Sports Industry Group Awards. Up against the likes of Derby County, the England and Wales Cricket Board and Manchester United, EITC won recognition for the programme, which specifically assists participants with mental health issues to improve their health and well-being and become active and valued members of their community.

This dynamic and innovative programme has also achieved the FA Charter Community Club Award, and is being used as a benchmark for other clubs across the country as the scheme is rolled out nationally.

The disability programmes continue to grow from strength to strength with Everton being the first disability-specific club to achieve the FA Community Charter Standard Award. In the past six years the charity has engaged with 17,100 disabled participants and 2,850 in the past year alone. There are currently 23 successful disability teams representing Everton, which field in total eight international players.

EITC's anti-social behaviour programme Kickz, which is run in partnership with Liverpool Football Club, picked up the Kickz of the Year Award. The scheme, which engages 250 young people on a weekly basis, has reduced antisocial behaviour and crime in the city's hotspots by 25%. EITC's work to promote equality in the community was recognised, with the Club achieving the Race Equality Standard for Professional Sports.

In June Merseyside's Police Chief Constable, Jon Murphy, backed a ground-breaking Everton initiative to tackle racism. EITC and Merseyside Police Safer Schools Officers have worked in partnership to support the campaign by delivering a series of successful engaging workshops in schools across the area to educate young people about the seriousness of racism. Nearly three thousand school children aged between 10 and 16 years of age have benefitted from the scheme, which uses top professional footballers to try to eradicate discrimination. EITC is celebrating after education inspectors rated the project in Wales as 'Good' during their latest visit. OfSTED visited the centre at Llangefni Town Football Club in Anglesey, North Wales, to inspect the standards of teaching, management and leadership techniques and reported that EITC demonstrated good working practices. EITC, in conjunction with the Intraining Group, is also fast becoming one of the UK's largest training providers to the active leisure sector, earning a reputation as a leader in its field. Finally, to mark the outstanding results Everton's Premier League into Work programme has achieved since its launch in September 2009, EITC welcomed the Minister for the Department of Work and Pensions, Chris Grayling, to Goodison Park to meet with participants of the Everton 4 Employment scheme.

The Everton 4 Employment course is designed to provide unique training opportunities, boost confidence and help jobseekers into employment and has enjoyed a 94 per cent retention rate. Since the scheme was launched, a total of 40 per cent of the 49 participants have progressed into employment, with 90 per cent of these having sustained employment for six months or more. None of this fantastic work would be possible without the help of key partners, who provide the necessary funding and support for the benefit of our local community.

EITC is committed to continuing the positive and ground-breaking work it currently delivers and aims to reach out to even more people in our communities.

In August 2010 it was decided to move back to the name of Everton In The Community after almost two years as the Everton Foundation, as key stakeholders felt this name was more suited to the valuable and important work currently being undertaken by the Community team.

Directors' Report

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31st May 2010.

Principal Activity
The principal activity of the Group continues to be that of a professional football club. The Group has continued to develop the Everton brand and associated media rights.

Review of Business
The results of the year's trading are shown on page 12 of the financial statements. A detailed review of the Group's business, key performance indicators including wages to turnover ratio and operating profit before player trading, an indication of the likely future developments, and the risks and uncertainties facing the Group are contained in the Chairman's Statement and the reviews set out on pages 4 to 8.

Dividend and Transfers from Reserves
The loss for the year amounted to £3.1m (2009: loss of £6.9m), which has been transferred from reserves. The Directors do not recommend the payment of a dividend (2009: £nil).

Post Balance Sheet Events
A description of the material aspects of these events can be found in note 24 to the accounts.

Directors
The Directors in office during the year and their beneficial interests in the share capital of the Company at the end of the financial year, and of the previous financial year, were as follows:

	Number of Shares	
	31st May 2010	31st May 2009
W Kenwright CBE	8,754	8,754
J V Woods	6,622	6,622
R I Earl	8,146	8,146
Sir P D Carter CBE	714	714

Directors' Responsibilities Statement
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are suffient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' Report

Risk and uncertainties
In addition to the risks addressed within the Financial Review, in ensuring that the Group has sufficient liquid resources to meet its liabilities as they fall due the Directors have reviewed in detail the business' cash flow projections. As disclosed in note 1, the Group meets its day to day working capital requirements through an overdraft facility. Additionally, because of the predictable nature of football club revenue streams, the Group has obtained further funding post year end, through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past.

The Group's current overdraft facility expires on 28 February 2011. Previously the facility was renewed on an annual basis at the end of each football season. This year the timing of the expiry of the current facility on 28 February 2011 allows the Group's bankers and the Directors to agree appropriate facilities for the remainder of the 2010/11 Premier League season that reflect current activities, including the (then) possible receipt of the proceeds of the disposal of the Group's land at Bellefield for commercial development and the Group's player trading activity in the January 2011 transfer window. The sale of Bellefield was subsequently completed, and proceeds received, in December 2010. The majority of the proceeds from the sale of Bellefield were used to repay the previous working capital loan facility.

The Directors have worked closely with the bank throughout the year and as part of these regular discussions have received written confirmation at the date of approving the financial statements that, at or prior to the expiry of the current overdraft facility, it is the Bank's current intention to renew the facility agreement or put in place arrangements to provide similar facilities for the following 12 months in each case subject to review at the end of the current football season with the knowledge of the level of player trading over the period and with the amount and terms to be negotiated at the appropriate time. The Directors acknowledge the need for further discussion and agreement with the bank, thereby giving rise to a degree of uncertainty on the final outcome regarding bank funding. However, the Directors consider this bank confirmation to be reasonable and appropriate comfort to them in the circumstances, including any late provision of relevant financial information, regarding forthcoming support from the bank. In particular, the Directors consider it to be common practice for many Premier League football clubs for the exact level and terms of the facility to be reviewed at the end of each football season. Based on the ongoing dialogue with the bank, the Directors are confident that the overdraft facility will be renewed at a similar level, or replaced by an equivalent facility, for the 2011/12 Premier League season.

The Group's trading projections show that it has a reasonable expectation of staying within its currently available, and future anticipated, finance facilities, including the overdraft facility and the available agreed securitisation facilities against future revenues referred to above, for at least 12 months from the date of signing of these accounts. In preparing these trading projections, a number of additional inherent uncertainties have been identified; notably on-field performance and the resultant reduction in the Premier League domestic broadcasting merit award and the level of player trading.

The Directors have considered the uncertainty surrounding the renewal of the overdraft facility and other inherent uncertainties and, in the event that they would be required, have identified a number of potential mitigating actions to manage any resulting forecast shortfall against current facilities including the ability within the industry to securitise additional future guaranteed revenues and flexibility around player trading.

Based on the mitigating actions referred to above and the comfort obtained from their bankers, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the Annual Report and Accounts.

Employment Policies
The Group's employment policies are designed to retain and motivate staff at all levels. Staff are, within the bounds of commercial confidentiality, kept informed of matters that affect the current performance and future prospects of the Group and are of interest to them as employees.

The Group operates an equal opportunities policy to ensure that no member of staff or job applicant receives less favourable treatment on the grounds of gender, race, ethnic origin, age or disability.

Every possible step will be taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job-related criteria.

When recruiting and retaining disabled employees, the Group will be guided by the principles and duties set out in the Disability Discrimination Act and its associated Codes of Practice.

Auditors
Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed auditors in the absence of an Annual General Meeting.

Approved by the Board on 31st January 2011 and signed on its behalf by

M J Evans, Company Secretary

Independent Auditors' Report
to the Members of Everton Football Club Company Limited

We have audited the financial statements of Everton Football Club Company Limited for the year ended 31st May 2010 which comprise the consolidated profit and loss account, the Group and Company balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses, the consolidated note of historical profits and losses and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31st May 2010 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Damian Sanders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Liverpool, United Kingdom
31st January 2011

Consolidated Profit and Loss Account
for the year ended 31st May 2010

		2010			2009
	Notes	Operations excluding player trading	Player trading	Total	Total
		£'000	£'000	£'000	£'000
Turnover	**1,2**	**79,076**	**-**	**79,076**	**79,669**
Operating expenses	3	(79,623)	(17,150)	(96,773)	(86,426)
Operating loss	**4**	**(547)**	**(17,150)**	**(17,697)**	**(6,757)**
Profit on disposal of players' registrations		-	19,023	19,023	3,797
Profit on disposal of tangible fixed assets		39	-	39	2
Profit / (loss) before interest and taxation		**(508)**	**1,873**	**1,365**	**(2,958)**
Interest receivable and similar income	5			29	123
Interest payable and similar charges	6			(4,487)	(4,085)
Loss on ordinary activities before taxation				**(3,093)**	**(6,920)**
Tax on loss on ordinary activities	8			-	-
Loss after taxation for the year transferred from reserves	**19,20**			**(3,093)**	**(6,920)**

All the above amounts derive from continuing operations.

There are no recognised gains and losses for the year ended 31st May 2010 and the prior year other than as stated in the profit and loss account, accordingly no separate statement of total recognised gains and losses is given.

Consolidated Note of Historical Cost Profits and Losses
for the year ended 31st May 2010

	2010	2009
	£'000	£'000
Loss on ordinary activities before taxation	(3,093)	(6,920)
Difference between the historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	152	152
Historical cost loss on ordinary activities before taxation	(2,941)	(6,768)
Historical cost loss for the year retained after taxation	(2,941)	(6,768)

Group Balance Sheet
at 31st May 2010

	Notes	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed Assets					
Intangible Assets	10		45,270		39,378
Tangible Assets	11		8,090		9,183
			53,360		**48,561**
Current Assets					
Debtors	14	8,646		11,779	
Investments	12	2,767		2,767	
		11,413		**14,546**	
Creditors - Amounts falling due within one year	15	(52,088)		(51,979)	
Net Current Liabilities			**(40,675)**		**(37,433)**
Total Assets Less Current Liabilities			**12,685**		**11,128**
Creditors - Amounts falling due after more than one year	16		(41,122)		(37,335)
Provision for liabilities	17		(1,337)		(474)
Net Liabilities			**(29,774)**		**(26,681)**
Capital and Reserves					
Called up share capital	18		35		35
Share premium account	19		24,968		24,968
Revaluation reserve	19		3,183		3,183
Profit and loss account - deficit	19		(57,960)		(54,867)
Shareholders' deficit	**20**		**(29,774)**		**(26,681)**

The financial statements were approved by the Board on the 31st January 2011 and signed on its behalf by

W Kenwright CBE
Director

Company Balance Sheet
at 31st May 2010

		2010		2009	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	10		45,270		39,378
Tangible Assets	11		2,307		3,154
Investments	12		-		-
			47,577		**42,532**
Current Assets					
Debtors	14	8,400		11,279	
		8,400		**11,279**	
Creditors - Amounts falling due within one year	15	(67,233)		(67,400)	
Net Current Liabilities			**(58,833)**		**(56,121)**
Total Assets Less Current Liabilities			**(11,256)**		**(13,589)**
Creditors - Amounts falling due after more than one year	16		(15,624)		(11,063)
Provision for liabilities	17		(1,337)		(474)
Net Liabilities			**(28,217)**		**(25,126)**
Capital and Reserves					
Called up share capital	18		35		35
Share premium account	19		24,968		24,968
Revaluation reserve	19		1,299		1,299
Profit and loss account - deficit	19		(54,519)		(51,428)
Shareholders' deficit			**(28,217)**		**(25,126)**

The financial statements were approved by the Board on the 31st January 2011 and signed on its behalf by

W Kenwright CBE
Director

Consolidated Cash Flow Statement
for the year ended 31st May 2010

		2010		2009	
	Notes	£'000	£'000	£'000	£'000
Cash inflow from operating activities	21a		1,425		9,651
Returns on investments and servicing of finance					
Interest received		29		151	
Interest paid		(4,479)		(4,008)	
Finance lease and hire purchase interest		(10)		(32)	
Net cash outflow from returns on investments and servicing of finance			**(4,460)**		**(3,889)**
Taxation			-		-
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(27,960)		(17,839)	
Purchase of tangible fixed assets		(398)		(1,020)	
Proceeds from the disposal of tangible fixed assets		57		10	
Proceeds from the disposal of intangible fixed assets		24,475		12,071	
Net cash outflow from capital expenditure and financial investment			**(3,826)**		**(6,778)**
Net cash outflow before financing			(6,861)		(1,016)
Financing					
New loans		9,000		207	
Repayment of loans		(3,222)		(765)	
Capital element of finance lease and hire purchase payments		(79)		(196)	
Net cash inflow / (outflow) from financing	21c		5,699		(754)
Decrease in cash	**21b**		**(1,162)**		**(1,770)**

1 ACCOUNTING POLICIES

The principle accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

(i) Accounting Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold properties, plant & equipment and in accordance with applicable United Kingdom law and accounting standards.

(ii) Basis of Preparation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings. The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up until the date of their disposal. Intra-group trading is eliminated on consolidation.

As set out in the Directors' Responsibilities Statement on pages 9 and 10, in preparing these financial statements the Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business. In satisfaction of this responsibility the Directors have reviewed in detail the business' cash flow projections, and considered the Group's ability to meet its liabilities as they fall due.

As disclosed in note 16, the Group meets its day to day working capital requirements through an overdraft facility. Additionally, because of the predictable nature of football club revenue streams, the Group has obtained further funding post year end, through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past.

The Group's current overdraft facility expires on 28 February 2011. Previously the facility was renewed on an annual basis at the end of each football season. This year the timing of the expiry of the current facility on 28 February 2011 allows the Group's bankers and the Directors to agree appropriate facilities for the remainder of the 2010/11 Premier League season that reflect current activities, including the (then) possible receipt of the proceeds of the disposal of the Group's land at Bellefield for commercial development and the Group's player trading activity in the January 2011 transfer window. The sale of Bellefield was subsequently completed, and proceeds received, in December 2010. The majority of the proceeds from the sale of Bellefield were used to repay the previous working capital loan facility.

The Directors have worked closely with the bank throughout the year and as part of these regular discussions have received written confirmation at the date of approving the financial statements that, at or prior to the expiry of the current overdraft facility, it is the Bank's current intention to renew the facility agreement or put in place arrangements to provide similar facilities for the following 12 months in each case subject to review at the end of the current football season with the knowledge of the level of player trading over the period and with the amount and terms to be negotiated at the appropriate time. The Directors acknowledge the need for further discussion and agreement with the bank, thereby giving rise to a degree of uncertainty on the final outcome regarding bank funding. However, the Directors consider this bank confirmation to be reasonable and appropriate comfort to them in the circumstances, including any late provision of relevant financial information, regarding forthcoming support from the bank. In particular, the Directors consider it to be common practice for many Premier League football clubs for the exact level and terms of the facility to be reviewed at the end of each football season. Based on the ongoing dialogue with the bank, the Directors are confident that the overdraft facility will be renewed at a similar level, or replaced by an equivalent facility, for the 2011/12 Premier League season.

The Group's trading projections show that it has a reasonable expectation of staying within its currently available, and future anticipated, finance facilities, including the overdraft facility and the available agreed securitisation facilities against future revenues referred to above, for at least 12 months from the date of signing of these accounts. In preparing these trading projections, a number of additional inherent uncertainties have been identified; notably on-field performance and the resultant reduction in the Premier League domestic broadcasting merit award and the level of player trading.

The Directors have considered the uncertainty surrounding the renewal of the overdraft facility and other inherent uncertainties and, in the event that they would be required, have identified a number of potential mitigating actions to manage any resulting forecast shortfall against current facilities including the ability within the industry to securitise additional future guaranteed revenues and flexibility around player trading.

Based on the mitigating actions referred to above and the comfort obtained from their bankers, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the Annual Report and Accounts.

(iii) Turnover

Turnover is stated exclusive of value added tax, and match receipts are recognised net of payments owing to visiting clubs, the Premier League, the Football Association and the Football League.

Gate and other match day revenue is recognised over the period of the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the football season.

(iv) Tangible Fixed Assets and Depreciation

Depreciation is not provided on freehold land. On properties it is provided to write off the costs or revalued amounts less estimated residual value (based on prices prevailing at the date of acquisition or revaluation) in equal annual instalments over the estimated useful economic lives of the assets which are considered to be between 10 and 40 years. No depreciation is provided on assets in the course of construction.

Depreciation is charged on a straight line basis of three years for Vehicles and five years for Plant and Equipment.

The Group has taken advantage of the transitional provisions of Financial Reporting Standard 15 'Tangible fixed assets' and retained the book amounts of certain freehold properties which were revalued prior to implementation of that standard. The properties were last revalued at 31st May 1999 and the valuations have not subsequently been updated.

1 ACCOUNTING POLICIES (continued)

(v) New Stadium Project
Costs incurred in relation to the planning application, design and associated elements of the Group's new stadium proposals have been charged to the profit and loss account. This policy will continue until the Group has obtained the necessary consents and has concluded its arrangements for financing the new stadium development. Once this is in place costs directly attributable to the new stadium, including finance costs, will be capitalised.

(vi) Grants
Grants of a capital nature are credited to deferred income and amortised to the profit and loss account on a systematic basis over the useful economic life of the asset to which they relate.

(vii) a) Current Taxation
Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(vii) b) Deferred Taxation
Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

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.

(viii) Intangible Fixed Assets - Players' Registrations
The cost of players' registrations is capitalised and amortised over the period of the respective players' contracts in accordance with Financial Reporting Standard 10 'Accounting for goodwill and intangible assets'. The transfer fee levy refund received during the year is credited against additions to intangible assets.

(ix) Contingent Appearance Fees
Where the directors consider the likelihood of a player meeting future appearance criteria specified in the transfer agreement of the player to be probable, provision for this cost is made (see note 17). If the likelihood of meeting these criteria is merely possible not probable, then no provision is made but the potential obligations are disclosed as contingent liabilities (see note 22).

(x) Signing-on Fees and Loyalty Bonuses
Signing-on fees and loyalty bonuses represent a normal part of the employment cost of the player and as such are charged to the profit and loss account in the period in which the payment becomes due, except in the circumstances of a player disposal. In that case any remaining signing-on fees and loyalty bonuses due are allocated in full against profit or loss on disposal of players' registrations in the year in which the player disposal is made. Those instalments due in the future on continued service are not provided for but are noted as contingent liabilities (see note 22).

(xi) Investments
Investments held as fixed assets are stated at cost less any provision for impairment.

(xii) Lease Rentals
Where the company enters into a lease which entails substantially taking all the risks and rewards of ownership of an asset the lease is treated as a finance lease. Assets acquired under finance leases are capitalised and depreciated over the shorter of their lease term or their estimated useful lives. The interest element of the rental obligations 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.

(xiii) Foreign Currency Transactions
Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are recognised in the profit and loss account.

Notes to the Accounts
for the year ended 31st May 2010

2 TURNOVER

Turnover, all of which originates in the United Kingdom, can be analysed as follows:	2010 £'000	2009 £'000
Gate receipts and programme sales	19,206	21,899
Broadcasting	50,194	48,634
Sponsorship, advertising and merchandising	7,144	6,117
Catering	916	876
Other commercial activities	1,616	2,143
	79,076	**79,669**

3 OPERATING EXPENSES

	2010 £'000	2009 £'000
Amortisation of players' registrations (note 10)	17,150	13,023
Staff costs (note 7)	54,311	49,069
Depreciation (note 11)	1,515	1,808
Other operating costs	23,797	21,213
Total operating expenses before exceptional items	**96,773**	**85,113**
Exceptional item - new stadium project	-	1,313
Total operating expenses	**96,773**	**86,426**

As described in note 1(v) prior year exceptional costs relate to the planning application, design and associated elements of a new stadium project.

4 OPERATING LOSS

	2010 £'000	2009 £'000
The operating loss is stated after charging / (crediting):		
Depreciation - property	478	741
Depreciation - other	1,037	1,067
Amortisation of grants	(47)	(48)
Operating lease rentals		
Motor vehicles	185	177
Office equipment	88	36
Land and properties	1,529	1,482
The analysis of auditors' remuneration is as follows:		
Fees payable to the company's auditors for the audit of the company's annual accounts	30	30
Fees payable to the company's auditors for the audit of the company's subsidiaries	5	5
Total audit fees	**35**	**35**
Other non-audit services		
Tax services	150	102
Corporate financial services	6	16
Other services	18	114
Total non-audit fees	**174**	**232**

Notes to the Accounts
for the year ended 31st May 2010

	2010	2009
5 INTEREST RECEIVABLE AND SIMILAR INCOME	**£'000**	**£'000**
Bank interest receivable	29	123

	2010	2009
6 INTEREST PAYABLE AND SIMILAR CHARGES	**£'000**	**£'000**
Bank overdrafts	423	1,496
Finance leases and hire purchase agreements	10	32
Other loans	4,054	2,557
	4,487	**4,085**

Included in interest on other loans is interest of £1,999,000 (2009: £2,067,000) on loans not wholly repayable in full within five years.

	2010	2009
7 PARTICULARS OF EMPLOYEES	Number	Number
The average weekly number of employees during the year was as follows:		
Playing, training and management	85	86
Youth Academy	29	27
Marketing and Media	23	27
Management and Administration	54	51
Maintenance, Security, Pitch and Ground Safety	43	35
	234	**226**

In addition, the Group employed an average of 489 temporary staff on matchdays (2009: 459).

	2010	2009
Aggregate payroll costs for the above employees were as follows:	**£'000**	**£'000**
Wages and salaries	47,450	43,448
Social security costs	5,774	5,164
Other pension costs	1,087	457
	54,311	**49,069**

Directors' Remuneration	2010	2009
The Directors of the Company received the following remuneration:	**£'000**	**£'000**
Emoluments (excluding pension contributions)	-	238
Aggregate payments to pension schemes	-	6
Highest paid Director's remuneration:		
Emoluments	-	244

8 TAXATION ON LOSS ON ORDINARY ACTIVITIES

There was no tax charge in the year (2009: £nil).

a) Factors affecting the tax charge for the current year
The tax assessed for the year is disproportionate to that resulting from applying the standard rate of corporation tax in the UK: 28% (2009: 28%).

	2010	2009
	£'000	£'000
Loss on ordinary activities before taxation	(3,093)	(6,920)
Tax on loss on ordinary activities at the standard rate	866	1,938
Expenses not deductible for tax purposes	(850)	(834)
Capital allowances less than / (in excess of) depreciation	81	(135)
Other short term timing differences	(97)	8
Carry forward of tax losses	-	(977)
Current tax charge for year	-	-

b) Factors that may affect the future tax charge
A deferred tax asset of £12.5m (2009: £13.2m) has not been recognised. The asset will be recovered when relevant profits are available against which the timing differences concerned will be offset.

9 COMPANY PROFIT AND LOSS ACCOUNT

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not presented its own profit and loss account. The Company's loss for the year was £3,091,000 (2009: £6,919,000).

10 INTANGIBLE FIXED ASSETS - GROUP AND COMPANY

	Total
	£'000
Cost	
At 1st June 2009	76,013
Additions in the year	25,584
Disposals in the year	(10,240)
At 31st May 2010	**91,357**
Amortisation	
At 1st June 2009	36,635
Provided during the year	17,150
Eliminated on disposals	(7,698)
At 31st May 2010	**46,087**
Net book value	
At 31st May 2010	**45,270**
At 31st May 2009	39,378

The above amounts include no values in respect of 'home grown' players.

11 TANGIBLE FIXED ASSETS

Group	Properties	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1st June 2009	13,588	8,203	179	21,970
Additions in the year	17	413	11	441
Disposals in the year	-	(37)	(10)	(47)
At 31st May 2010	**13,605**	**8,579**	**180**	**22,364**
Depreciation				
At 1st June 2009	6,328	6,356	103	12,787
Provided during the year	478	1,002	35	1,515
On disposals	-	(18)	(10)	(28)
At 31st May 2010	**6,806**	**7,340**	**128**	**14,274**
Net book value				
At 31st May 2010	**6,799**	**1,239**	**52**	**8,090**
At 31st May 2009	7,260	1,847	76	9,183

Company	Properties	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1st June 2009	2,488	8,203	179	10,870
Additions in the year	17	413	11	441
Disposals in the year	-	(37)	(10)	(47)
At 31st May 2010	**2,505**	**8,579**	**180**	**11,264**
Depreciation				
At 1st June 2009	1,257	6,356	103	7,716
Provided during the year	232	1,002	35	1,269
On disposals	-	(18)	(10)	(28)
At 31st May 2010	**1,489**	**7,340**	**128**	**8,957**
Net book value				
At 31st May 2010	**1,016**	**1,239**	**52**	**2,307**
At 31st May 2009	1,231	1,847	76	3,154

11 TANGIBLE FIXED ASSETS (CONTINUED)

The Club's premises at Goodison Park, the equipment and contents (but not including computer equipment or motor vehicles), together with an immaterial amount of residential properties were revalued at £13,097,550 by John Foord & Company as at 31st May 1999.

The freehold buildings at Goodison Park were valued at depreciated replacement cost, and the land at open market value for its existing use. The residential properties have been revalued at open market value basis with the benefit of full vacant possession or subject to and with the benefit of the various leases/agreements as appropriate.

The Directors consider that the value of the remaining properties as at 31st May 2010, not sold since the year end, is not materially different to the valuation carried out as at 31st May 1999, based on existing use.

If the freehold properties had not been revalued regularly since 1983 they would have been included at the following amounts on the basis previously appertaining:

	2010	2009
	£'000	£'000
Cost	9,662	9,662
Aggregate depreciation	(4,950)	(4,624)
Net book value	**4,712**	**5,038**

12 INVESTMENTS

FIXED ASSET INVESTMENTS

Company	**Subsidiary undertakings**
Cost	**£**
As at 1st June 2009 and 31st May 2010	4
Net book value	
As at 1st June 2009 and 31st May 2010	4

Details of the principal operating subsidiaries as at 31st May 2010, all registered in England and Wales, were as follows:

Name of Company	% owned	Nature of business
Goodison Park Stadium Limited	100	Provision of football entertainment facilities
Everton Investments Limited	100	Issuer of loan notes

CURRENT ASSET INVESTMENTS

Group

Current asset investments consist of four month treasury deposits of £2,767,000 (2009: £2,767,000).

13 LEASE COMMITMENTS

The Group and Company has operating lease commitments to meet during the next year in respect of land and property leases, motor vehicles and office equipment, as follows:

	Land and Properties		Other		Total	
	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000
Expiring within one year	-	-	22	124	22	124
Expiring between two and five years	-	-	54	89	54	89
Expiring in more than five years	1,490	1,500	-	-	1,490	1,500
	1,490	**1,500**	**76**	**213**	**1,566**	**1,713**

14 DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade debtors	6,411	10,229	6,225	9,800
Other debtors	1	1	-	-
Prepayments and accrued income	2,234	1,549	2,175	1,479
	8,646	**11,779**	**8,400**	**11,279**

15 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank overdraft (secured)	5,146	3,984	6,620	5,878
Bank loans (secured)	11,000	10,000	11,000	10,000
Other loans (see note 16)	873	1,222	100	505
Obligations under finance lease and hire purchase agreements	43	79	43	79
Trade creditors	8,405	10,204	8,405	10,204
Amounts due to subsidiaries	-	-	23,557	24,962
Social security and other taxes	5,537	6,018	6,415	6,808
Accruals and deferred income	21,084	20,472	11,093	8,964
	52,088	**51,979**	**67,233**	**67,400**

16 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank loans (see borrowings below)	6,000	-	6,000	-
Other loans (see borrowings below)	24,484	25,320	33	133
Obligations under finance lease and hire purchase agreements	84	71	84	71
Trade creditors	7,282	9,287	7,282	9,287
Accruals and deferred income	3,272	2,657	2,225	1,572
	41,122	**37,335**	**15,624**	**11,063**

BORROWINGS

Group	Bank overdraft		Bank loans		Other loans		Finance leases and hire purchase		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings Payable by instalments:										
Within one year	5,146	3,984	11,000	10,000	873	1,222	43	79	17,062	15,285
Between one and two years	-	-	2,000	-	866	873	84	71	2,950	944
Between two and five years	-	-	4,000	-	2,910	2,733	-	-	6,910	2,733
After more than five years	-	-	-	-	21,084	22,127	-	-	21,084	22,127
Prepaid finance costs	-	-	-	-	(376)	(413)	-	-	(376)	(413)
	5,146	**3,984**	**17,000**	**10,000**	**25,357**	**26,542**	**127**	**150**	**47,630**	**40,676**

Company	Bank overdraft		Bank loans		Other loans		Finance leases and hire purchase		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings Payable by instalments:										
Within one year	6,620	5,878	11,000	10,000	100	505	43	79	17,763	16,462
Between one and two years	-	-	2,000	-	33	100	84	71	2,117	171
Between two and five years	-	-	4,000	-	-	33	-	-	4,000	33
	6,620	**5,878**	**17,000**	**10,000**	**133**	**638**	**127**	**150**	**23,880**	**16,666**

16 BORROWINGS (CONTINUED)

The bank overdraft is principally secured via legal charges over a number of the Company's properties and a lightweight floating charge over all the assets and undertakings (excluding Goodison Park Stadium) of the Company.

Bank loans are secured by legal charges over the Company's freehold land and buildings and guaranteed Premier League broadcast revenues. Bank loans incur interest at an average rate of 4.25% and will be repaid over a period ending 31 May 2013.

Other loans include £25,600,000 of loan notes (2009: £26,317,000) which are repayable in annual installments over a 25 year period at a fixed interest rate of 7.79%. The first payment under the agreement was made on 30th September 2002 amounting to £1,588,000 with subsequent annual payments of £2,767,000 (including interest) starting on 30th September 2003.

The notes will be repaid in a securitisation agreement serviced by future season ticket sales and matchday ticket sales. The costs incurred in raising the finance, amounting to £710,000, have been offset against the original £30,000,000 loan, and are contained within prepaid finance costs and charged to the profit and loss in line with the interest charge over a period of 25 years.

17 PROVISION FOR LIABILITIES

	Group and Company		
	Pensions (note 23)	Contingent appearance fees (note 1)	Total
	£'000	£'000	£'000
At 1st June 2009	-	474	474
Utilised in the year	-	(474)	(474)
Provided in the year	347	990	1,337
At 31st May 2010	**347**	**990**	**1,337**

There are no amounts provided for deferred tax at 31st May 2010 or 31st May 2009.

18 EQUITY SHARE CAPITAL

	2010	2009
	£'000	£'000
Authorised, allotted, issued and fully paid		
35,000 ordinary shares of £1 each	35	35

19 RESERVES

	Share premium account	Revaluation reserve	Profit and loss account
Group	£'000	£'000	£'000
Balance at 1st June 2009	24,968	3,183	(54,867)
Loss for the year	-	-	(3,093)
Balance at 31st May 2010	**24,968**	**3,183**	**(57,960)**

Company	£'000	£'000	£'000
Balance at 1st June 2009	24,968	1,299	(51,428)
Loss for the year	-	-	(3,091)
Balance at 31st May 2010	**24,968**	**1,299**	**(54,519)**

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2010	2009
Group	£'000	£'000
Loss for the year and net movement in shareholders' deficit	(3,093)	(6,920)
Opening shareholders' deficit	(26,681)	(19,761)
Closing shareholders' deficit	**(29,774)**	**(26,681)**

21 CASH FLOW STATEMENT

	2010	2009
	£'000	£'000
(a) Reconciliation of operating loss to net cash inflow from operating activities		
Profit / (loss) before interest and tax	1,365	(2,958)
Profit on disposal of players' registrations	(19,023)	(3,797)
Profit on disposal of tangible fixed assets	(39)	(2)
Operating loss	**(17,697)**	**(6,757)**
Depreciation charge	1,515	1,808
Amortisation of grants	(47)	(48)
Amortisation of players' registrations	17,150	13,023
Decrease / (increase) in debtors	1,058	(1,896)
Increase / (decrease) in provisions	347	(28)
(Decrease) / increase in creditors	(901)	3,549
Net cash inflow from operating activities	**1,425**	**9,651**

	At 1st June 2009	Cash flows	Non cash movements	At 31st May 2010
(b) Analysis of changes in net debt	£'000	£'000	£'000	£'000
Bank overdraft	(3,984)	(1,162)	-	(5,146)
	(3,984)	**(1,162)**	**-**	**(5,146)**
Debt due within one year	(11,222)	(5,778)	5,127	(11,873)
Debt due after one year	(25,320)	-	(5,164)	(30,484)
Finance lease and hire purchase agreements	(150)	79	(56)	(127)
Current asset investments	2,767	-	-	2,767
	(37,909)	**(6,861)**	**(93)**	**(44,863)**

	2010	2009
	£'000	£'000
(c) Reconciliation of movements in net debt		
Decrease in cash in the period	(1,162)	(1,770)
Cash (inflow) / outflow from decrease in net debt	(5,778)	558
Cash outflow from decrease in finance lease and hire purchase financing	79	196
Change in net debt resulting from cash flows in the year	(6,861)	(1,016)
Non cash movements	(93)	(141)
Net debt as at 1st June 2009	(37,909)	(36,752)
Net debt as at 31st May 2010	**(44,863)**	**(37,909)**

22 CONTINGENT LIABILITIES

No provision is included in the accounts for transfer fees of £5,341,000 (2009: £5,936,000) which are, as at 31st May 2010, contingent upon future appearances of certain players; or signing-on fees and loyalty bonuses, as at 31st May 2010, of £6,560,000 (2009: £5,886,000) which would become due to certain players if they are still in the service of the Club on specific future dates.

23 PENSIONS

Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. As the Group is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. At 1st September 2009 a further MFR deficit was identified in the scheme, which increased the outstanding deficit allocated to the Group by £372,000 resulting in an increase in contributions advised by the Actuary. The additional deficit has been provided during the year.

Contributions are also paid into individuals private pension schemes. Total contributions across all schemes during the year amounted to £1,087,000 (2009: £457,000).

24 POST BALANCE SHEET EVENTS

Since 31st May 2010, the Club has entered into transfer agreements for confirmed contracted net transfer fees receivable of £572,000.

25 FRS 8 - RELATED PARTY TRANSACTIONS

Everton In The Community (formerly The Everton Foundation) is a registered charity (Number 1099366) incorporated on 31st July 2003 and began trading on 1st June 2004. The Charity operates separately from the Group hence has not been consolidated in the Group results, but as at 31st May 2010 Everton Football Club Company Limited employees held two of the six Trustee positions at the Charity. During the year Everton Football Club Company Limited incurred net operating costs of £389,000 (2009: £485,000) on behalf of the Charity.

26 CAPITAL COMMITMENTS

There were no capital commitments at 31st May 2010 or 31st May 2009.

First Team Results 2009/10

DATE	OPPONENT		RES	ATTENDANCE	PTS	POS
15.08.09	ARSENAL	H	1-6	39,309	0	20
20.08.09	SIGMA OLOMOUC (UEFA EUROPA LEAGUE)	H	4-0	27,433	-	-
23.08.09	BURNLEY	A	0-1	19,983	0	20
27.08.09	SIGMA OLOMOUC (UEFA EUROPA LEAGUE)	A	1-1	10,213	-	-
30.08.09	WIGAN ATHLETIC	H	2-1	35,127	3	16
13.09.09	FULHAM	A	1-2	24,191	3	19
17.09.09	AEK ATHENS (UEFA EUROPA LEAGUE)	H	4-0	26,747	-	-
20.09.09	BLACKBURN ROVERS	H	3-0	35,546	6	13
23.09.09	HULL CITY (CARLING CUP)	A	4-0	13,558	-	-
26.09.09	PORTSMOUTH	A	1-0	18,116	9	9
01.10.09	FC BATE BORISOV (UEFA EUROPA LEAGUE)	A	2-1	23,000	-	-
04.10.09	STOKE CITY	H	1-1	36,753	10	10
17.10.09	WOLVERHAMPTON WANDERERS	H	1-1	39,319	11	11
22.10.09	BENFICA (UEFA EUROPA LEAGUE)	A	0-5	44,534	-	-
25.10.09	BOLTON WANDERERS	A	2-3	21,547	11	14
27.10.09	TOTTENHAM HOTSPUR (CARLING CUP)	A	0-2	35,843	-	-
31.10.09	ASTON VILLA	H	1-1	36,648	12	13
05.11.09	BENFICA (UEFA EUROPA LEAGUE)	H	0-2	30,790	-	-
08.11.09	WEST HAM UNITED	A	2-1	32,466	15	12
21.11.09	MANCHESTER UNITED	A	0-3	75,169	15	14
25.11.09	HULL CITY	A	2-3	24,685	15	14
29.11.09	LIVERPOOL	H	0-2	39,652	15	16
02.12.09	AEK ATHENS (UEFA EUROPA LEAGUE)	A	1-0	15,000	-	-
06.12.09	TOTTENHAM HOTSPUR	H	2-2	34,003	16	15
12.12.09	CHELSEA	A	3-3	41,579	17	15
17.12.09	FC BATE BORISOV (UEFA EUROPA LEAGUE)	H	0-1	18,242	-	-
20.12.09	BIRMINGHAM CITY	H	1-1	33,660	18	15
26.12.09	SUNDERLAND	A	1-1	46,990	19	14
28.12.09	BURNLEY	H	2-0	39,491	22	11
02.01.10	CARLISLE UNITED (FA CUP)	H	3-1	31,196	-	-
09.01.10	ARSENAL	A	2-2	60,053	23	11
16.01.10	MANCHESTER CITY	H	2-0	37,378	26	10
23.01.10	BIRMINGHAM CITY (FA CUP)	H	1-2	30,875	-	-
27.01.10	SUNDERLAND	H	2-0	32,163	29	10
30.01.10	WIGAN ATHLETIC	A	1-0	16,869	32	9
06.02.10	LIVERPOOL	A	0-1	44,316	32	9
10.02.10	CHELSEA	H	2-1	36,411	35	9
16.02.10	SPORTING LISBON (UEFA EUROPA LEAGUE)	H	2-1	28,131	-	-
20.02.10	MANCHESTER UNITED	H	3-1	39,448	38	8
25.02.10	SPORTING LISBON (UEFA EUROPA LEAGUE)	A	0-3	17,609	-	-
28.02.10	TOTTENHAM HOTSPUR	A	1-2	35,912	38	10
07.03.10	HULL CITY	H	5-1	34,682	41	10
13.03.10	BIRMINGHAM CITY	A	2-2	24,579	42	9
20.03.10	BOLTON WANDERERS	H	2-0	36,503	45	8
24.03.10	MANCHESTER CITY	A	2-0	45,708	48	8
27.03.10	WOLVERHAMPTON WANDERERS	A	0-0	28,995	49	8
04.04.10	WEST HAM UNITED	H	2-2	37,451	50	8
14.04.10	ASTON VILLA	A	2-2	38,729	51	8
17.04.10	BLACKBURN ROVERS	A	3-2	27,022	54	8
25.04.10	FULHAM	H	2-1	35,578	57	8
01.05.10	STOKE CITY	A	0-0	27,579	58	8
09.05.10	PORTSMOUTH	H	1-0	38,730	61	8

Barclays Premier League - Final League Placings 2009/10

		HOME					AWAY						
	P	W	D	L	F	A	W	D	L	F	A	GL DIFF	PTS
CHELSEA	38	17	1	1	68	14	10	4	5	35	18	**71**	**86**
MANCHESTER UNITED	38	16	1	2	52	12	11	3	5	34	16	**58**	**85**
ARSENAL	38	15	2	2	48	15	8	4	7	35	26	**42**	**75**
TOTTENHAM HOTSPUR	38	14	2	3	40	12	7	5	7	27	29	**26**	**70**
MANCHESTER CITY	38	12	4	3	41	20	6	9	4	32	25	28	67
ASTON VILLA	38	8	8	3	29	16	9	5	5	23	23	**13**	**64**
LIVERPOOL	38	13	3	3	43	15	5	6	8	18	20	**26**	**63**
EVERTON	**38**	**11**	**6**	**2**	**35**	**21**	**5**	**7**	**7**	**25**	**28**	**11**	**61**
BIRMINGHAM CITY	38	8	9	2	19	13	5	2	12	19	34	**-9**	**50**
BLACKBURN ROVERS	38	10	6	3	28	18	3	5	11	13	37	**-14**	**50**
STOKE CITY	38	7	6	6	24	21	4	8	7	10	27	**-14**	**47**
FULHAM	38	11	3	5	27	15	1	7	11	12	31	**-7**	**46**
SUNDERLAND	38	9	7	3	32	19	2	4	13	16	37	**-8**	**44**
BOLTON WANDERERS	38	6	6	7	26	31	4	3	12	16	36	**-25**	**39**
WOLVERHAMPTON WANDERERS	38	5	6	8	13	22	4	5	10	19	34	**-24**	**38**
WIGAN ATHLETIC	38	6	7	6	19	24	3	2	14	18	55	**-42**	**36**
WEST HAM UNITED	38	7	5	7	30	29	1	6	12	17	37	**-19**	**35**
BURNLEY	38	7	5	7	25	30	1	1	17	17	52	**-40**	**30**
HULL CITY	38	6	6	7	22	29	0	6	13	12	46	**-41**	**30**
PORTSMOUTH*	38	5	3	11	24	32	2	4	13	10	34	**-32**	**19**

*Portsmouth deducted 9 points

Fixtures 2010/11

DATE	OPPONENT	
14.08.10	BLACKBURN ROVERS	A
21.08.10	**WOLVERHAMPTON WANDERERS**	**H**
25.08.10	HUDDERSFIELD TOWN - CARLING CUP R2	H
29.08.10	ASTON VILLA	A
12.09.10	**MANCHESTER UNITED**	**H**
18.09.10	**NEWCASTLE UNITED**	**H**
21.09.10	BRENTFORD - CARLING CUP R3	A
25.09.10	FULHAM	A
02.10.10	BIRMINGHAM CITY	A
17.10.10	**LIVERPOOL**	**H**
23.10.10	TOTTENHAM HOTSPUR	A
30.10.10	**STOKE CITY**	**H**
6.11.10	BLACKPOOL	A
10.11.10	**BOLTON WANDERERS**	**H**
14.11.10	ARSENAL	H
22.11.10	SUNDERLAND	A
27.11.10	**WEST BROMWICH ALBION**	**H**
04.12.10	CHELSEA	A
11.12.10	**WIGAN ATHLETIC**	**H**
18.12.10	MANCHESTER CITY	A
28.12.10	WEST HAM UNITED	A
01.01.11	STOKE CITY	A
05.01.11	**TOTTENHAM HOTSPUR**	**H**

DATE	OPPONENT	
08.01.11	SCUNTHORPE UNITED - FA CUP R3	A
15.01.11	LIVERPOOL	A
22.01.11	**WEST HAM UNITED**	**H**
29.01.11	CHELSEA - FA CUP R4	H
01.02.11	ARSENAL	A
05.02.11	**BLACKPOOL**	**H**
12.02.11	BOLTON WANDERERS	A
19.02.11	FA CUP R5	
26.02.11	**SUNDERLAND**	**H**
05.03.11	NEWCASTLE UNITED	A
09.03.11	**BIRMINGHAM CITY**	**H**
12.03.11	FA CUP R6	
19.03.11	**FULHAM**	**H**
02.04.11	**ASTON VILLA**	**H**
09.04.11	WOLVERHAMPTON WANDERERS	A
16.04.11	**BLACKBURN ROVERS**	**H**
17.04.11	FA CUP SEMI FINAL	
23.04.11	MANCHESTER UNITED	A
30.04.11	WIGAN ATHLETIC	A
07.05.11	**MANCHESTER CITY**	**H**
14.05.11	WEST BROMWICH ALBION	A
14.05.11	FA CUP FINAL	
22.05.11	**CHELSEA**	**H**

Everton Football Club Company Limited
Goodison Park, Liverpool L4 4EL

Honours List

FIRST DIVISION CHAMPIONS
1890/91, 1914/15, 1927/28, 1931/32, 1938/39, 1962/63, 1969/70, 1984/85, 1986/87

RUNNERS-UP
1889/90, 1894/95, 1901/02, 1904/05, 1908/09, 1911/12, 1985/86

SECOND DIVISION CHAMPIONS
1930/31

RUNNERS-UP
1953/54

FA CUP WINNERS
1906, 1933, 1966, 1984, 1995

RUNNERS-UP
1893, 1897, 1907, 1968, 1985, 1986, 1989, 2009

FOOTBALL LEAGUE CUP RUNNERS-UP
1976/77, 1983/84

FA CHARITY SHIELD WINNERS
1928, 1932, 1963, 1970, 1984, 1985, 1987, 1995, SHARED: 1986

EUROPEAN CUP-WINNERS' CUP WINNERS
1984/85

FA YOUTH CUP WINNERS
1964/65, 1983/84, 1997/98

RUNNERS-UP
1960/61, 1976/77, 1982/83, 2001/02