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Note

The Foreword section (Pages 8-11) and the Year Review section (Pages 14-39) do not form part of the statutory financial statements.



Forewords



Chairman Bill Kenwright

I'm going to start this report by stating the obvious. Liverpool 4 has always quite rightly been a massively important destination in the lives of Evertonians. So, in the midst of a consultation process to support our aspirations to develop a new stadium at Bramley-Moore Dock, we are working simultaneously on leaving a lasting legacy at Goodison Park which will help provide a catalyst for regeneration in north Liverpool. It is also right and proper that I continue with something just as obvious; a salute to our fans! Your patience and enduring support is the bedrock of our Club, and has been a big inspiration to everyone here as we pursue ambitious plans aimed to take us back to our rightful position among football's elite.

Hard decisions had to be made both during and at the end of the 2017-18 season and, as always, you stayed steadfast behind your beloved Blues. We acknowledge and thank Sam Allardyce for the job he and his backroom team performed in the course of a challenging campaign, and we share in the optimism inspired by the purposeful determination and energy of our new Director of Football, Marcel Brands, and our new manager, Marco Silva, who collectively, we believe, embrace those special qualities all Evertonians seek.

We have witnessed some tantalising glimpses already with Brazilian brilliance from Bernard and Richarlison and a fantastic goal by Gylfi Sigurdsson that will be among the highlights at the end of the season (although amazingly to all of us at Leicester, it didn't win Match of the Day's Goal of the Month!!!). Tom Davies's nomination for the 2018 Golden Boy award underlines his talent and Jordan Pickford, who collected a hat-trick of awards at the end-of-season Dixies, has continued to build on his heroic performances during the World Cup when he came so close to reaching the final with England. We were delighted to complete negotiations on his new six-year contract, as we were when a new five-year deal was agreed with Idrissa Gana Gueye.

We were also heartened last season by the emotional return of Seamus Coleman following the broken leg he suffered so cruelly on international duty.

His Republic of Ireland teammate, James McCarthy, is now back training with the squad and we look forward to him playing an important role after too long on the sidelines.

Alongside Richarlison and Bernard, we have welcomed into the Everton family Yerry Mina, Lucas Digne, Andre Gomes, Cenk Tosun, Theo Walcott, Kurt Zouma and Joao Virginia. We have also bid a fond farewell to Wayne Rooney to whom we wish the very best on his (already hugely successful) American adventure with DC United in MLS.

Sadly, we mourned the passing of Ray Wilson, England's finest ever left-back, an FA Cup winner for Everton and a World Cup winner for England in the space of a magical few weeks in 1966.

And to the families of all departed Blues over the past year, we extend our condolences.

To the players we have loaned to other clubs, Nikola Vlasic, Yannick Bolasie, Mo Besic, Sandro Ramirez, Cuco Martina, Henry Onyekuru, Ashley Williams, Kevin Mirallas, Matthew Pennington, Luke Garbutt, Antonee Robinson, Callum Connolly and Joe Williams, we send our best wishes for the season, and to Davy Klaassen, Joel Robles and Ramiro Funes Mori on new chapters in their careers.

Everton in the Community and its magnificent work in changing and saving lives continues to inspire. Through the People's Hub, the Blue Base, Everton Free School and our plans for the People's Place, we have already started to build what we know will be a suitable legacy in and around Goodison Park.

Denise's delight at the move to the Royal Liver Building is something we all share and we could not have a better CEO to drive the Club forward in this critical period. We also thank Robert Elstone for all his work when he was with us and wish him the best at Super League.

With Farhad continuing his outstanding commitment, Marcel and Marco driving our first-team forward, Unsie continuing to develop some of the best young talent, and a fanbase that continues to inspire our ambition, we look forward to the next 12 months with purpose and anticipation.

COYB!
Bill K

“
Hard decisions had to be made both during and at the end of the 2017-18 season and, as always, you stayed steadfast behind your beloved Blues
”

“
We could not have a better CEO to drive the Club forward in this critical period
”

**Chief Executive
Officer
Denise
Barrett-Baxendale**

I am truly honoured to be writing my first statement in an Everton Annual Report as the Club's Chief Executive. It is a responsibility I take very seriously and I am entirely committed to making it a success.

I am grateful to the Chairman and the Board and Mr Moshiri for promoting me to this position and to them and all Evertonians for the support given to me in my first few months in the role.

My 'to-do list' was extensive when I took up the post and no item was more important than to start making material progress in our ambition to move to a new stadium at Bramley-Moore Dock.

As you will be aware, we embarked recently upon a major public consultation process, reaching out to all areas of our city and surrounding region, to underpin the planning application for our new home at Bramley-Moore Dock and to deliver a community-led legacy at Goodison Park.

This is a significant step, not only towards achieving a new home for Everton on the waterfront but to regenerating north Liverpool, an enterprise that will boost the local economy by £1bn.

Our pride in being a catalyst for investment in new homes, new infrastructure and new opportunities is matched by our commitment to the Goodison Legacy project, strengthening those strong community foundations the Club has cultivated over many decades. Goodison will always be sacred to Evertonians but to be a modern, progressive football club we understand that we need the resources and facilities to take us to the next level.

My role, as Chief Executive, is to provide leadership, direction and strategy. Making sure we are clear on who we are, where we are going and what resources we need to achieve sustainable success as a football club are my priorities.

Since being entrusted with this responsibility, I have worked closely with our Director of Football, Marcel Brands, and our Manager, Marco Silva, and I can assure you that their forward-thinking, hardworking, dynamic approach is reflective of the Everton way and their desire and commitment to achieve success is entirely consistent with the aspirations of our fans.

Off the pitch, too, Marcel and Marco are strong supporters of the work we do in our community. Our plans for the People's Place and our Blue Base, which Marco officially opened in September, represent the latest projects in our continued investment into facilities and services in our neighbourhood around Goodison, which also include the state-of-the-art Everton Free School and People's Hub. Clear, physical statements that, while we plan to move where we play our football, Everton will never leave L4.

I hope our move to The Royal Liver Building, situated as it is on the banks of the Royal Blue Mersey, along the waterfront from Bramley-Moore Dock, also represents a powerful symbol of our intent and ambition. Housing our staff under one roof allows us to work at our optimum level of effectiveness and efficiency, benefits we are already experiencing.

Changes at Boardroom level and the establishment of an Everton Leadership Team, who are responsible for the day-to-day operations at Goodison Park and USM Finch Farm, will also help us to move forward and grow.

For the second consecutive year the Club generated record revenues, which reached £189m, a 10% increase on the prior year. Combined gate receipts, sponsorship and other commercial income increased significantly by 45% and the continued and quite magnificent support of our fans meant that Season Tickets reached the cap with more than 10,000 on a waiting list.

The first year of our agreement with SportPesa, as the Club's principal partner and our first commercial relationship with an African company, saw Everton become the first Premier League team to play a game in East Africa. We value our developing relationship with SportPesa, who have demonstrated a strong alignment with our values, and look forward to a long and productive relationship with them. Our innovative partnership with Angry Birds has enabled us to reach a new audience worldwide, providing us with further exposure in key international markets. The introduction of three personalised football-based playable characters into an Angry Birds game - Gylfi Sigurdsson, Theo Walcott and Cenk Tosun - represented a first for Rovio Entertainment and I was delighted that our two forward-thinking organisations combined to create this small piece of history together.

I was delighted, too, that we followed up our achievement in being named in The Sunday Times 100 Best Companies, an annual ranking and survey of Britain's finest employers and widely acknowledged to be one of the most extensive studies into employee engagement in the country, with the added distinction of being included in The Sunday Times Top Track 250. These accomplishments demonstrate our commitment to Nil Satis Nisi Optimum.

There were many other moments of great pride, both on and off the field. Moments that made us all 'Proud to be Blue'...

Seamus' return in January; Jordan filling the nation with hope, pride and excitement in Russia; 14-year-old Jack McLinden, who lives with multiple health conditions and has severely reduced mobility, joining his heroes on the pitch as he became

the first 'virtual mascot' in the Premier League; David Unsworth and Everton's Under-23s visiting the 'Home Is Where The Heart Is' house, which their fundraising efforts paid for in order to support our city's homeless youth; a school representing Everton winning the Premier League Primary Stars Football Tournament, and Everton becoming the first football club in England to register as a breastfeeding-friendly organisation being just a few moments that stand out for me, personally, from the last 12 months.

But it is to the future that we must continue to focus, while remaining true to our values, our ideals and our traditions. Bramley-Moore Dock and the Goodison Legacy, regeneration, respect and renewal. Passion, purpose and pride in what it means to be an Evertonian.

NSNO



For the second consecutive year the Club generated record revenues, which reached £189m, a 10% increase on the prior year

Making sure we are clear on who we are, where we are going and what resources we need to achieve sustainable success as a football club



Year Review

LANDMARKS AND MEMORIES



Baines reaches appearance milestone
-
Davies becomes Blues' youngest skipper
-
Pickford scoops a 'Dixies' hat-trick



Walcott and Tosun bring New Year cheer
-
Coleman makes thrilling comeback
-
We clock up our 1,000th Premier League fixture





**NOTHING BUT
THE BEST IS
GOOD ENOUGH**

Marcel Brands and Marco Silva
arrive and embrace Club ethos

PLANNING FOR THE LONG TERM

An increased shareholding for the Club's owner, a new CEO at the helm, an iconic new HQ and a prestigious company accolade point to a bright future



THE SUNDAY TIMES

100
BEST
COMPANIES
TO WORK FOR
2018



SECURING THE FINEST TALENT



FOR YEARS TO COME

ROONEY DEPARTS



PIENAAR RETURNS





IDRISSA
GANA GUEYE



GYLFI
SIGURDSSON



JORDAN
PICKFORD



PICKFORD EXCELS AS A TRIO OF BLUES HEAD TO THE WORLD CUP

RICHARLISON SIGNS



**AND
IMMEDIATELY
SHINES**

MORE TOP-QUALITY ADDITIONS ENHANCE SILVA'S OPTIONS

André Gomes
-
Lucas Digne



Yerry Mina
-
Joao Virginia



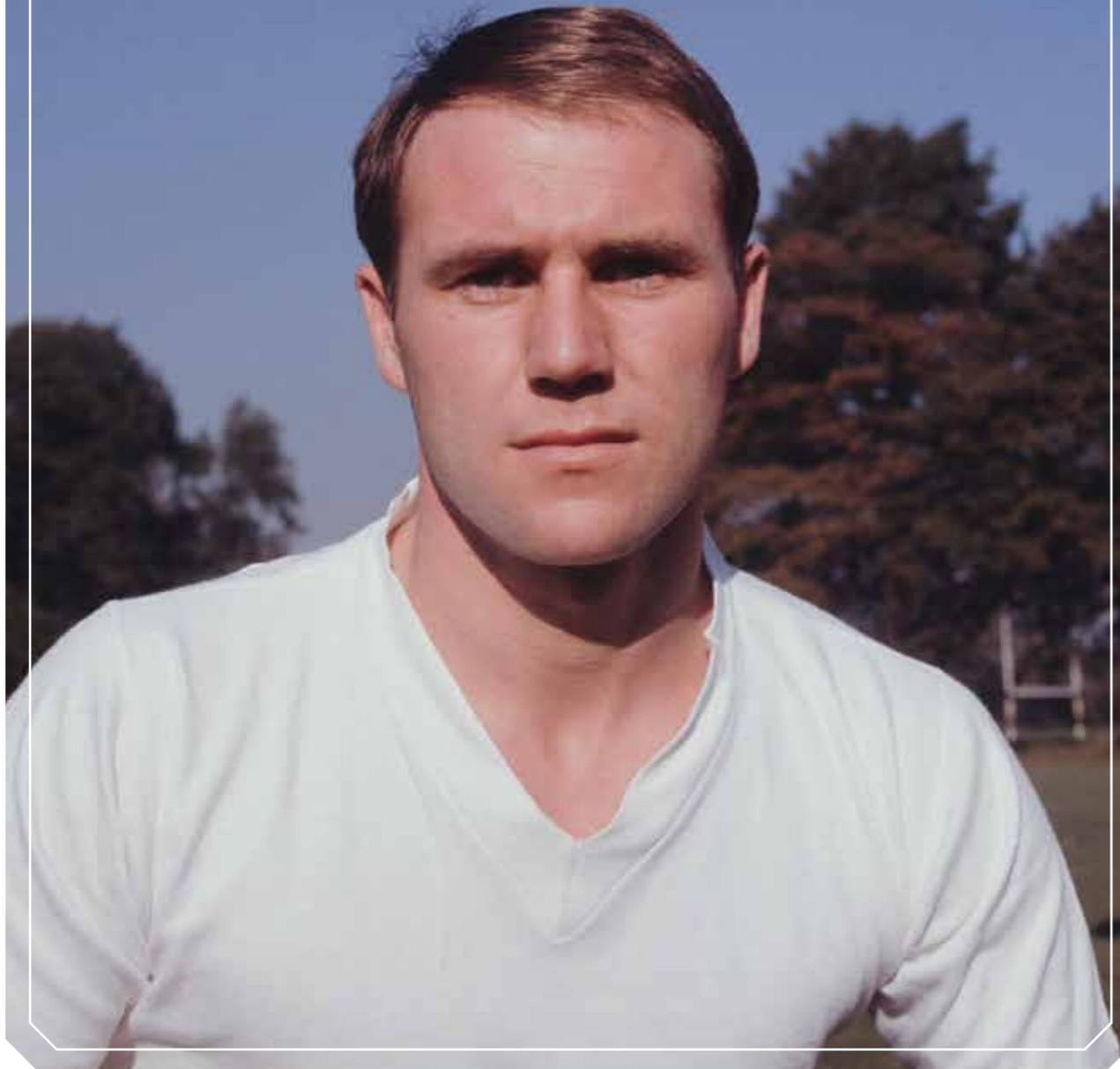
Bernard
-
Kurt Zouma



RAY WILSON

Dec 1934 - May 2018

We say farewell to an Everton Giant
and '66 World Cup Winner

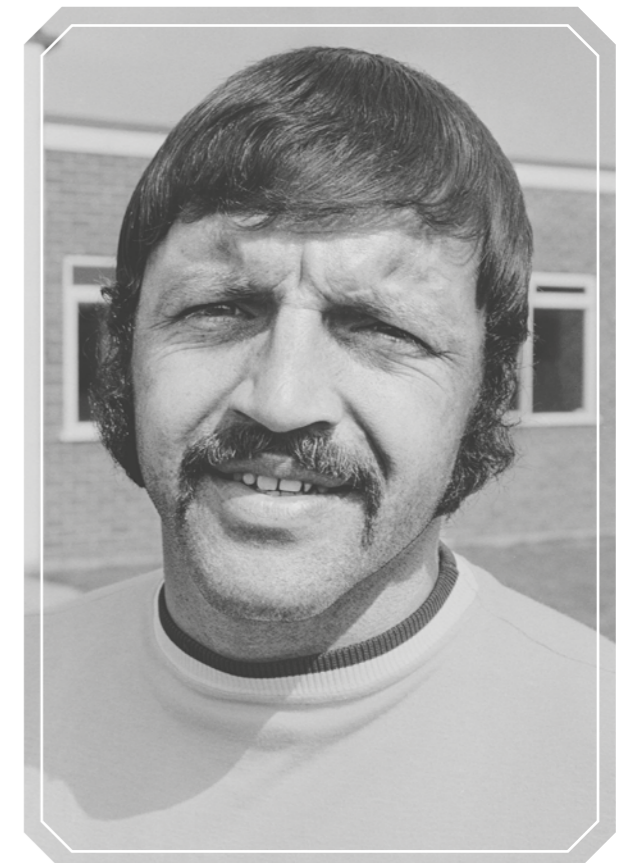


Wilson proudly carries the
World Cup trophy

ERNIE HUNT

Mar 1943 - Jun 2018

Former Blues
striker also passes away
at the age of 75



EVERTON IN THE COMMUNITY CELEBRATES 30 LIFE-SAVING YEARS



Marco Silva
officially
opens The
Blue Base



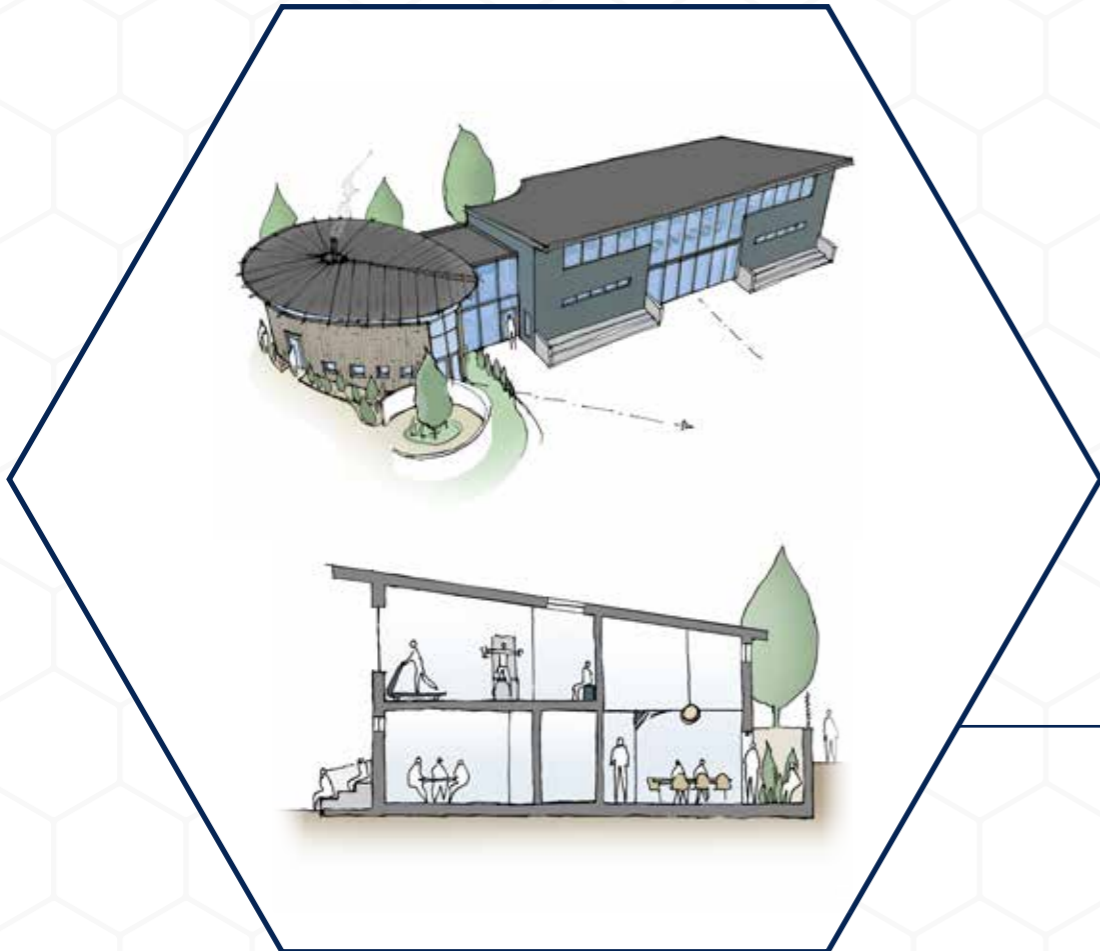
A glorious Gala
Dinner celebrates
the birthday
in style



'Home Is
Where The
Heart Is' opens
the doors to its
first property



GROUNDBREAKING MENTAL HEALTH CAMPAIGN LAUNCHED



**CONTINUING TO
LEAD THE WAY IN
FAN ENGAGEMENT**



THREE IN A ROW FOR MARCO

A series of victories shows an exciting new Blues' squad taking shape



Leicester 1
Everton 2



Everton 3
Fulham 0



Everton 2
Palace 0



Accounts

Directors and Advisors



Registered Office

Goodison Park,
Liverpool,
L4 4EL

Statutory Auditor

Deloitte LLP
Horton House, Exchange Flags,
Liverpool, L2 3PG

Bankers

Metro Bank
One Southampton Row,
London, WC1B 5HA

Registrars

Capita IRG
The Registry, Northern House,
Woodsome Park, Fenay Bridge,
Huddersfield, West Yorkshire, HD8 OGA

Company Registration Number

36624

Finance and Commercial Review

The Club has a number of KPI's across turnover, costs and profitability which are outlined and discussed below:

Club's Turnover

The Club recorded a second consecutive year of record revenues, which reached £189m, a 10% increase on the prior year. While the Club's broadcasting revenues fell slightly, the combined gate receipts, sponsorship and other commercial income increased by 45%. This revenue growth was primarily driven by the Club's participation in the UEFA Europa League (with the majority of revenue reported in other commercial activities) and strong growth in sponsorship income of £5.3m (34% increase from last year).

Broadcasting Revenue

The Club was selected for live UK broadcast on 19 occasions which earned the Club £22.5m in facility fees (2017: £21.5m), with the eighth-place finish earning the Club £25.1m in merit payment (2017: £27.2m). Total broadcasting revenue stood at £130m, a small decline from £130.5m in 2017. In 2017-18, Everton secured the eighth highest Premier League broadcasting distribution (seventh in 2016-17).

Total broadcasting revenue makes up 69% of the Club's total revenue which is a reduction from 76% in 2017. This reduction is mainly due to the increase in commercial revenues in 2018.

Commercial Operations

2018 was the initial year of our engagement with SportPesa as the Club's first African main partner. The Club made the first ever visit by a Premier League team to East Africa, with our exhibition game against Gor Mahia of Kenya played in front of a packed 60,000-seater stadium in Dar es Salaam. Gor Mahia paid us a return visit at Goodison on 6 November 2018. We value our developing relationship with SportPesa, who have demonstrated a strong alignment with our values, and we hope to develop our brand and commercial operations with other African partners in the future.

In September 2017 the Club welcomed the first ever sleeve partner, Rovio, an exciting and dynamic global entertainment company. As part of the Club's engagement with Rovio and its iconic game, Angry Birds, a 10-episode YouTube series was created and filmed at USM Finch Farm.

	2018 (£m)	2017 (£m)
Broadcast	130.0	130.5
Gate Receipts	16.3	14.1
Sponsorship, Advertising and Merchandising	20.7	15.4
Other Commercial Activities	22.2	11.3
Total	189.2	171.3

The Club became the first team to have its players (Theo Walcott, Cenk Tosun and Gylfi Sigurdsson) have their animated alter egos included within the game.

Rovio's other partnerships in the business of sport have included the NBA, the NFL and the NHL. Everton is the first sports team to partner with them directly and, following their successful first season with the Club, Angry Birds has now gone on to partner with the Chicago Bulls.

In 2018, the Club continued the long-term partnership with Umbro and Fanatics, which saw a record year for retail sales, underpinned by the highest number of replica shirts the Club has sold in a season.

The Club's other official partners include USM, Carling, Blackwell Global, Davanti Tyres, Sure deodorant, Sport Media, Thomas Cook Sport, Stagecoach, StubHub and the recently announced Fratelli Beretta.

Overall, the Club's sponsorship, advertising and merchandising revenue reached a record £20.7m, a 34% increase on 2017.

Matchday Revenue

Yet again, the Club's fans showed unwavering support to the Club by taking up every seat for every Premier League match in 2018, with an average attendance of 38,797. These sustained high attendances are underpinned by another year of strong Season Ticket and hospitality sales, with the Club securing a record 31,282 Season Ticket holders. Gate receipts increased by £2.2m (16% on prior year) because of the Club's participation in the UEFA Europa League.

The Club continued to invest in Goodison Park with improvements to lounge areas, concourses and toilet facilities. A significant investment was made in an Accessible Stadia project, with the addition of lifts and platforms for improved disabled access at the Park End.

Because of these works, Goodison capacity reduced to 39,221.

Costs and Profitability

The continued investment in first-team squad was the main driver for the rising operating costs and player amortisation and impairment. As a result of this investment, the Club's total wage to turnover ratio has gone up from 61% in 2017 to 77% in 2018.

The Club outsources the majority of its retail and catering operations, therefore the above comparison is not like for like with those clubs which run these operations in-house. When these outsourced operations are taken into account, the Club's wages as a percentage of turnover for 2018 was 73%.

In addition to the first team's wage bill, the Club's other operating costs, such as the Academy and first-team support increased. The Club also incurred costs from competing in the Europa League and £11.4m cost of the design and other work relating to the new stadium, which cannot be capitalised until planning permission has been granted.

As a result, the Club made an operating loss of £22.9m compared with an operating profit of £25m in 2017 (both excluding player trading).

Finance and Commercial Review

The other impact of a significant investment in the first-team squad has been the sharp increase in the amortisation and impairment of players' registrations from £37.3m in 2017 to £66.9m in 2018. At the same time, the Club made a record profit on disposal of player registrations of £87.8m arising from the sale of Romelu Lukaku, Ross Barkley, Tom Cleverley and Gerard Deulofeu.

The Club incurred £34.0m exceptional costs in 2018, not present in 2017, of which £14.4m related to settlement costs for the termination of former employees and other costs in relation to the change in coaching staff in the year. Exceptional costs of £11.4m were incurred on the new stadium project, with an £8.2m impairment charge on the carrying value of player registrations.

Net Interest payable decreased from £10.8m to £5.9m due to the Club incurring exceptional interest expenses in 2017, not present in 2018, which related to settlement fees due to lenders for the early repayment of long-term loan facilities.

After the above items, the Club generated a net loss of £13.1m (2017: net profit £30.6m)

Balance Sheet and Funding

The Club's significant investment in the playing squad led to the doubling of intangible assets to £240m in 2018 from £121m in 2017, which included the additions of Michael Keane, Gylfi Sigurdsson, Cenk Tosun, Theo Walcott and Jordan Pickford. The Club's net asset position in 2018 was £123m.

This investment, as well as the operating performance described above, was funded by a combination of shareholder injections via an interest-free loan, which reached £150m in 2018, and new borrowings. In accordance with FRS 102, the shareholder loan from Bluesky Capital Limited has been accounted for as equity. Bluesky Limited continued to support the Club post-year end with an additional shareholder loan of £100m received post year end.

The Club's net debt position increased to £66m in 2018, up from a net cash position of £9.6m in 2017.

The Club signed its first ever Revolving Credit Facility ("RCF") with the Industrial and Commercial Bank of China, the largest bank in the world by assets. This was an important step in securing working capital facilities at attractive interest rates. The total amount available for drawdown under the terms of the RCF is £60m and its original term is 36 months. The Club switched its day-to-day banking facilities to Metro Bank and has also welcomed another new funding partner into its banking group, Santander, with whom we arranged financing against player receivables.

The Club continues to proactively develop our long-term relationships with international financing institutions for strategic financing transactions.

A Ryazantsev
Chief Financial and Commercial Officer

Strategic Report

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the Group and its subsidiary undertakings when viewed as a whole.

Principal Risks and Uncertainties

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk:

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Where possible, the Group uses foreign exchange forward contracts to help mitigate changes in exchange rates. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Going Concern

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, during the 2017-18 season the Group met its day-to-day working capital requirements through its cash reserves, shareholder support, revolving credit facility and through the securitisation of future guaranteed receivables.

Additionally, because of the predictable nature of football club revenue streams, the Group is able to obtain further funding if required through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past. The RCF is a three-year facility which reduces over the term to July 2020.

The Group's trading projections show that it has a reasonable expectation of staying within its currently available, and future anticipated, finance facilities 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 payment and the level of player trading.

The Directors have considered the net current liability 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 current funding partners, as well as the continued financial support of Bluesky Capital Limited, a company controlled by Mr Moshiri, 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.

The Club is regulated by the rules of the FA, Premier League, UEFA and FIFA. Any change to FA, Premier League, UEFA and FIFA regulations in future could have an impact on the Group as the regulations cover areas such as: the format of competitions, financial fair play, the division of broadcasting income, the eligibility of players and the operation of the transfer market. The Group monitors its compliance with all applicable rules and regulations on a continuous basis and also monitors and considers the impact of any potential changes.

Future Developments

The Directors expect the general level of activity to remain consistent with 2017-18 in the forthcoming year. Details of significant events since the balance sheet date are contained in note 21 to the financial statements.

Approved by the board and signed on its behalf by:

A Ryazantsev
Director

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 May 2018.

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.

Result for the Year

The loss for the year amounted to £13.1m (2017 profit: £30.6m), which has been withdrawn from (2017: transferred to) reserves. The Directors are not able to recommend the payment of a dividend (2017: same).

Future Developments and Events after the Balance Sheet Date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report and form part of this report by cross-reference.

Going Concern

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Strategic Report and note 1 to the financial statements.

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee Consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and the Company intranet. Employee representatives from the Staff Forum are consulted regularly on a wide range of matters affecting their current and future interests. The employee Staff Forum is open to all employees.

Directors

The Directors in office during the year and to the date of this report are disclosed on page 42 (Directors and Advisors section).

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) including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 on 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' Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Auditor

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 auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is 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 LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the board and signed on its behalf by:

A Ryazantsev
Director

Independent Auditor's Report to the members of Everton Football Club Company Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Everton Football Club Company Limited (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 May 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's

(the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed,

we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the members of Everton Football Club Company Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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 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.

Damian Sanders FCA (Senior Statutory Auditor) for and on behalf of Deloitte LLP Statutory Auditor

Liverpool,
United Kingdom
Thursday 6 December 2018

Consolidated Profit and Loss Account for the year ended 31 May 2018

Notes	2018			2017		
	Operations excluding player and management trading	Player and management trading	Total	Operations excluding player and management trading	Player and management trading	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	189,159	-	189,159	171,330	-	171,330
Operating expenses	(186,276)	(66,933)	(253,209)	(146,334)	(37,298)	(183,632)
Operating expenses - exceptional costs	(25,787)	(8,175)	(33,962)	-	-	-
	(212,063)	(75,108)	(287,171)	(146,334)	(37,298)	(183,632)
Operating (loss) / profit	(22,904)	(75,108)	(98,012)	24,996	(37,298)	(12,302)
Profit on player trading	-	87,786	87,786	-	51,945	51,945
Profit on disposal of tangible fixed assets	-	-	-	7	-	7
(Loss) / profit before interest and taxation	(22,904)	12,678	(10,226)	25,003	14,647	39,650
Interest receivable and similar income			3,094			1,801
Interest payable and similar charges			(5,938)			(3,818)
Interest payable and similar charges - exceptional			-			(6,966)
			(5,938)			(10,784)
(Loss) / profit on ordinary activities before taxation			(13,070)			30,667
Tax on (loss) / profit			(26)			(50)
(Loss) / profit after taxation for the year (withdrawn from) / transferred to reserves			(13,096)			30,617

All the above amounts derive from continuing operations.

There are no recognised gains and losses for the year ended 31 May 2018 and the prior year other than as stated in the consolidated profit and loss account, accordingly no separate consolidated statement of comprehensive income is given.

Consolidated Balance Sheet at 31 May 2018



	Notes	2018		2017	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10		239,909		121,151
Tangible assets	11		15,790		11,838
			255,699		132,989
Current assets					
Debtors					
- Due within one year	14	72,166		36,735	
- Due after one year	14	45,280		18,728	
Cash at bank and in hand		9,475		9,635	
		126,921		65,098	
Creditors - amounts falling due within one year	15	(202,058)		(80,578)	
Net current liabilities			(75,137)		(15,480)
Total assets less current liabilities			180,562		117,509
Creditors - amounts falling due after more than one year	16		(47,263)		(20,227)
Provision for liabilities	17		(9,932)		(5,594)
Net assets			123,367		91,688
Capital and reserves					
Called up share capital	18		35		35
Share premium account	18		24,968		24,968
Profit and loss account - deficit	18		(50,886)		(37,790)
Other reserves	18		149,250		104,475
Shareholders' funds			123,367		91,688

The financial statements of the Everton Football Club Company Limited, registered number 36624, were approved by the Board on Thursday 6 December 2018 and signed on its behalf by


W Kenwright CBE
Director

Company Balance Sheet at 31 May 2018



	Notes	2018		2017	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10		239,909		121,151
Tangible assets	11		11,976		7,778
Investments	12		-		-
			251,885		128,929
Current assets					
Debtors					
- Due within one year	14	77,166		35,438	
- Due after one year	14	45,280		18,729	
Cash at bank and in hand		9,408		9,512	
		131,854		63,679	
Creditors - amounts falling due within one year	15	(192,501)		(75,893)	
Net current liabilities			(60,647)		(12,214)
Total assets less current liabilities			191,238		116,715
Creditors - amounts falling due after more than one year	16		(46,520)		(19,446)
Provision for liabilities	17		(9,932)		(5,594)
Net assets			134,786		91,675
Capital and reserves					
Called up share capital	18		35		35
Share premium account	18		24,968		24,968
Profit and loss account - deficit	18		(39,467)		(37,803)
Other reserves	18		149,250		104,475
Shareholders' funds			134,786		91,675

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 £1,664,000 (2017: profit £30,617,000).

The financial statements of the Everton Football Club Company Limited, registered number 36624, were approved by the Board on Thursday 6 December 2018 and signed on its behalf by


W Kenwright CBE
Director

Consolidated and Company Statements of Changes in Equity for the year ended 31 May 2018



Group

	Called-up share capital	Share premium account	Profit and loss account	Other reserves	Total
Notes	£'000	£'000	£'000	£'000	£'000
At 1 June 2016	35	24,968	(68,407)	-	(43,404)
Profit for the year and total comprehensive income	-	-	30,617	-	30,617
Loan from Shareholder classed as equity	-	-	-	104,475	104,475
At 1 June 2017	35	24,968	(37,790)	104,475	91,688
Loss for the year and total comprehensive expense	-	-	(13,096)	-	(13,096)
Loan from Shareholder classed as equity	18	-	-	44,775	44,775
At 31 May 2018	35	24,968	(50,886)	149,250	123,367

Company

	Called-up share capital	Share premium account	Profit and loss account	Other reserves	Total
Notes	£'000	£'000	£'000	£'000	£'000
At 1 June 2016	35	24,968	(68,420)	-	(43,417)
Profit for the year and total comprehensive income	-	-	30,617	-	30,617
Loan from Shareholder classed as equity	-	-	-	104,475	104,475
At 1 June 2017	35	24,968	(37,803)	104,475	91,675
Loss for the year and total comprehensive expense	-	-	(1,664)	-	(1,664)
Loan from Shareholder classed as equity	18	-	-	44,775	44,775
At 31 May 2018	35	24,968	(39,467)	149,250	134,786

Consolidated Cash Flow Statement for the year ended 31 May 2018



Notes	2018 £'000	2017 £'000
Net cash flows from operating activities		
(Loss)/profit for the year	(13,096)	30,617
Adjustments for:		
Profit on disposal of football staff registrations	(87,786)	(51,945)
Profit on disposal of tangible fixed assets	-	(7)
Depreciation of tangible fixed assets	3,968	2,495
Amortisation of grants	(38)	(38)
Amortisation of football staff registrations	66,933	37,298
Exceptional item in relation to change in coaching staff	10,341	-
Impairment of football staff registrations	8,175	-
Interest receivable and similar income	(3,094)	(1,801)
Interest payable and similar charges	5,938	10,784
Taxation	26	50
Operating cash flows before movements in working capital	(8,633)	27,453
Increase in debtors	(3,397)	(6,538)
Increase in creditors	4,750	1,921
Decrease in provisions	459	(120)
Cash (used in) / generated by operations	(6,821)	22,716
Cash flow from investing activities		
Proceeds from disposal of players' registrations	52,576	30,823
Proceeds from sale of tangible fixed assets	-	7
Purchase of players' registrations	(155,828)	(70,554)
Purchase of tangible fixed assets	(7,920)	(5,737)
Interest received	16	4
Net cash flows from investing activities	(111,156)	(45,457)
Cash flows from financing activities		
Interest paid	(2,127)	(11,807)
Repayments of borrowings	-	(57,520)
Repayments of obligations under finance lease	(20)	(34)
New loans	75,188	-
Shareholder loans treated as equity	44,775	104,475
Net cash flows from financing activities	117,816	35,114
Cash / (overdraft) at bank and in hand at beginning of year	9,635	(2,737)
Net (decrease) / increase in cash	(160)	12,372
Cash at bank and in hand at end of year	9,475	9,635

Notes to the Accounts for the year ended 31 May 2018

1. Accounting Policies

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

(a) General information and basis of accounting

Everton Football Club Company Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. The address of the registered office is given on page 42. The nature of the Group's operations and its principal activities are set out in the strategic report on page 45.

Statement of Compliance

The financial statements of Everton Football Club Company Limited have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and the Companies Act 2006.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied.

- No separate parent company Cash Flow Statement with related notes is included.

The functional currency of Everton Football Club Company Limited and its subsidiaries is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

The ultimate parent undertaking and controlling party is Blue Horizon Investments Limited, which owns 68.6% of the share capital of the Company. Blue Horizon Investments Limited is incorporated in the Isle of Man and is wholly-owned and controlled by Mr Moshiri.

b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 May each year. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The Directors' Report further describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk. During the 2017-18 season the Group met its day-to-day working capital requirements through its cash reserves, shareholder support, revolving credit facility and through the securitisation of future guaranteed receivables. Because of the predictable nature of football club revenue streams, the Group is able to obtain further funding if required through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past. This RCF facility is a three-year facility which reduces over the term to July 2020.

The Group's trading projections show that it has a reasonable expectation of staying within its currently available, and future anticipated, finance facilities 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 payment and the level of player trading. The Directors have considered the net current liability position 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, as well as the continued financial support of Bluesky Capital Limited, a company controlled by Mr Moshiri, 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.

(d) 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 matchday 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 it relates to 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.

(e) Tangible Fixed Assets and Depreciation

Tangible Fixed Assets are stated at cost or valuation, net of depreciation and any provision for impairment. 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.

(f) 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.

(g) i) 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.

(g) ii) 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.

(h) Intangible Fixed Assets - Players' Registrations

The cost of players' registrations, including agents' fees, is capitalised and amortised on a straight line basis over the period of the respective players' contracts in accordance with FRS 102 section 18 'Intangible assets other than goodwill'. The transfer fee levy refund received during the year is credited against additions to intangible assets.

When a playing contract is extended, any costs associated with securing the extensions are added to the unamortised balance (at the date of the amendment) and the revised book value is amortised over the remaining revised contract period.

(i) 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 19).

(j) 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 19).

(k) 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 even when payments are not made on such a basis.

(l) 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.

(m) 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"; "the Scheme"), a defined benefit scheme. As one of a number of participating employers in the FLLPLAS, the Group is advised only of its share of the Scheme's deficit and recognises a liability in respect of this. As a result, the contributions paid to the scheme reduce the provision. The Group is unable to identify its share of the underlying assets and liabilities of the Scheme

on a consistent and reliable basis and therefore accounts for the Scheme as if it were a defined contribution scheme.

(n) Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

Notes to the Accounts for the year ended 31 May 2018 (Continued)

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled,

b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or

c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

In the Company balance sheet, investments in subsidiaries are measured at cost less impairment.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

(v) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

(o) Impairment of assets

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

(p) Critical accounting judgements and key sources of estimation uncertainty

See note 24.

2. Turnover

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

	2018	2017
	£'000	£'000
Broadcasting	130,000	130,535
Gate receipts	16,316	14,064
Sponsorship, advertising and merchandising	20,728	15,377
Other commercial activities	22,115	11,354
	189,159	171,330

Turnover comprises of the following:

Broadcasting - distributions from the FA Premier League broadcasting agreements, cup competition broadcasting rights and radio broadcasting rights.

Gate receipts - revenue generated from the sale of match tickets.

Sponsorship, advertising and merchandising - revenue generated from sponsorship and partnership contracts and net revenue received from outsourced retail operations.

Other commercial activities - includes revenue received from hospitality, catering, events and all other revenue sources. The above turnover represents the net revenue received from outsourced retail and catering operations. Turnover would increase by £9.1m to £198m (2017: £179m) if these operations were not outsourced.

3. Operating Expenses

	2018	2017
	£'000	£'000
Amortisation of players' registrations (note 10)	66,933	37,298
Staff costs (note 7)	145,479	104,655
Depreciation (note 11)	3,968	2,495
Other operating costs	36,829	39,184
Other operating costs - exceptional costs	33,962	-
Total operating expenses	287,171	183,632

The exceptional other operating costs of £33,962,000 in the year ended 31 May 2018 relates to expenditure incurred on the new stadium project, amounts payable to former employees and other costs in relation to the change in coaching staff and an impairment of player registrations and are broken down as follows:

	2018	2017
	£'000	£'000
Expenditure incurred on new stadium project	11,405	-
Amounts payable to former employees in relation to the change in coaching staff	14,382	-
Impairment of player registrations	8,175	-
	33,962	-

Amortisation and Impairment of player registrations are included within player trading operating expenses on the face of the profit and loss account.

Notes to the Accounts for the year ended 31 May 2018 (Continued)

4. Operating (Loss)/Profit

	2018	2017
	£'000	£'000
The operating (loss)/profit is stated after charging / (crediting):		
Depreciation - property	264	262
Depreciation - other	3,704	2,233
Amortisation of grants	(38)	(38)
Operating lease rentals		
Motor vehicles	367	310
Office equipment	220	192
Land and properties	1,282	1,031
Foreign exchange loss	(12)	(1,187)
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	44	42
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	8	6
Total audit fees	52	48
Other non-audit services		
Audit - related assurance services	17	15
Tax services	65	82
Other services	118	63
Total non-audit fees	200	160

5. Interest Receivable and Similar Income

	2018	2017
	£'000	£'000
Bank interest receivable	16	1
Other Interest receivable	3,078	1,800
	3,094	1,801

Other interest receivable relates to the unwinding of the discount for FRS102 purposes, on deferred receipts for sale of players' registrations.

6. Interest Payable and Similar Charges

	2018	2017
	£'000	£'000
Bank overdrafts	-	88
Finance leases and hire purchase agreements	3	4
Other loans	2,622	1,990
Other interest payable	3,313	1,736
	5,938	3,818

Interest Payable and similar charges - Exceptional

	2018	2017
	£'000	£'000
Exceptional loan charges	-	6,966
	-	6,966

The exceptional loan charges of £6,966,000 related to an early repayment penalty charge imposed on the Club as a result of the Club repaying a long-term loan in full.

Other interest receivable relates to the unwinding of the discount for FRS102 purposes, on deferred payments for players' registrations.

Notes to the Accounts for the year ended 31 May 2018 (Continued)

7. Particular of Employees

Group	2018	2017
	Number	Number
The average monthly number of employees, including Executive Directors, during the year was as follows:		
Playing, training and management	172	151
Youth Academy	73	61
Marketing and Media	55	53
Management and Administration	77	85
Maintenance, Security, Pitch and Ground Safety	50	41
	427	391

In addition, the Group employed an average of 406 temporary staff on matchdays (2017: 400).

Aggregate payroll costs for the above employees were as follows:	2018	2017
	£'000	£'000
Wages and salaries	127,827	92,144
Social security costs	17,110	12,041
Other pension costs	542	470
	145,479	104,655

Company	2018	2017
	Number	Number
The average monthly number of employees, including Executive Directors, during the year was as follows:		
Playing, training and management	134	117
Youth Academy	73	61
Marketing and Media	55	53
Management and Administration	77	85
Maintenance, Security, Pitch and Ground Safety	50	41
	389	357

Aggregate payroll costs for the above employees were as follows:	2018	2017
	£'000	£'000
Wages and salaries	127,377	91,916
Social security costs	17,095	12,035
Other pension costs	536	470
	145,008	104,421

Directors' remuneration	2018	2017
	£'000	£'000
Emoluments	2,455	1,593
Company contributions to money purchase pension scheme	31	30
	2,486	1,623
Highest paid Director	917	578
Company contributions to money purchase pension scheme	10	10
	927	588

Retirement Benefits are accruing for the following number of Directors under:	2018	2017
	Money purchase pension plans	3

The Directors are considered to be the key management personnel of the business.

Notes to the Accounts for the year ended 31 May 2018 (Continued)

8. Tax on Profit/(Loss) on Ordinary Activities

	2018	2017
	£'000	£'000
Current and total tax charge in the year	26	50

a) Factors affecting the tax charge for the current year

The tax assessed for the year is lower (2017: lower) than that resulting from applying the effective standard rate of corporation tax in the UK: 19% (2017: 20%).

	2018	2017
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	(13,070)	30,667
Tax on (loss)/profit on ordinary activities at the standard rate	(2,483)	6,082
Expenses not deductible for tax purposes	2,547	1,085
Income not taxable for tax purposes	(8)	(8)
(Utilisation)/creation of losses	-	(320)
Depreciation on ineligible assets	-	48
Deferred tax not provided	3,034	(15)
Rollover relief claim	(3,064)	(6,823)
Current tax charge for the year	26	50

b) Factors that may affect the future tax charge

Unrecognised deferred tax assets of the Group are £6.9m (2017: £3.3m). These assets will be utilised if sufficient taxable profits are generated by Group companies in future periods.

This asset primarily consists of carried forward losses of £8.4m, less the NBV of players into which profits have been rolled over of £2.0m. Decelerated capital allowances and pension assets are also included.

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 £1,664,000 (2017: profit of £30,617,000).

10. Intangible Fixed Assets - Group and Company

	Total
	£'000
Cost	
At 1 June 2017	207,247
Additions in the year	214,608
Disposals in the year	(59,854)
At 31 May 2018	362,001
Amortisation	
At 1 June 2017	86,096
Charge for the year	66,933
Impairment of player registrations	8,175
Eliminated on disposals	(39,112)
At 31 May 2018	122,092
Net book value	
At 31 May 2018	239,909
At 31 May 2017	121,151

The intangible fixed assets relates to the cost of players' and management registrations and agent fees.

The Directors review the carrying value of the players' registrations for impairment. Where events or changes in circumstances indicate that the carrying value of the asset may not be recoverable, to the extent that the carrying value exceeds the recoverable amount, the asset is impaired and the impairment loss is recognised in the profit and loss.

Notes to the Accounts for the year ended 31 May 2018 (Continued)

11. Tangible Fixed Assets

Group	Freehold properties	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 June 2017	11,408	22,287	156	33,851
Additions in the year	-	7,920	-	7,920
At 31 May 2018	11,408	30,207	156	41,771
Depreciation				
At 1 June 2017	7,142	14,719	152	22,013
Charge for the year	264	3,700	4	3,968
At 31 May 2018	7,406	18,419	156	25,981
Net book value				
At 31 May 2018	4,002	11,788	-	15,790
At 31 May 2017	4,266	7,568	4	11,838

Company	Freehold properties	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 June 2017	308	22,287	156	22,751
Additions in the year	-	7,920	-	7,920
At 31 May 2018	308	30,207	156	30,671
Depreciation				
At 1 June 2017	102	14,719	152	14,973
Charge for the year	18	3,700	4	3,722
At 31 May 2018	120	18,419	156	18,695
Net book value				
At 31 May 2018	188	11,788	-	11,976
At 31 May 2017	206	7,568	4	7,778

Notes to the Accounts for the year ended 31 May 2018 (Continued)

12. Investments

FIXED ASSET INVESTMENTS

Company	Subsidiary Undertakings
	£
Cost and net book value	
As at 1 June 2017 and 31 May 2018	6

Details of Company's subsidiaries as at 31 May 2018, all registered in England and Wales at Goodison Park, Liverpool, L4 4EL, 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
The Everton Ladies Football Club Limited	100	Professional football club
Everton Stadium Development Limited	100	Development company

The Company directly owns 100% of the ordinary share capital of the subsidiary companies.

13. Lease Commitment

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and Properties		Other		Total	
	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Expiring within one year	-	-	16	124	16	124
Expiring between two and five years	225	298	752	245	977	543
Expiring in more than five years	83,354	60,690	-	-	83,354	60,690
	83,579	60,988	768	369	84,347	61,357

14. Debtors

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	64,301	35,927	63,659	35,438
Amounts due from subsidiaries	-	-	5,667	-
Other Financial Assets	625	-	625	-
Prepayments and accrued income	7,240	808	7,215	-
	72,166	36,735	77,166	35,438
Amounts falling due after one year:				
Trade debtors	45,280	18,728	45,280	18,729
	45,280	18,728	45,280	18,729

Amounts owed by subsidiaries are unsecured, interest free and repayable on demand.

15. Creditors - Amounts falling within one year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Other loans (note 16)	75,188	-	75,188	-
Obligations under finance lease and hire purchase agreements	-	20	-	20
Trade creditors	55,217	32,547	54,970	32,537
Accruals and deferred income	57,876	34,455	47,221	23,890
Amounts due to subsidiaries	-	-	-	4,772
Social security and other taxes	13,777	13,556	15,122	14,674
	202,058	80,578	192,501	75,893

Amounts owed to subsidiaries are unsecured, interest free and repayable on demand.

Notes to the Accounts for the year ended 31 May 2018 (Continued)

16. Creditors - Amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Other loans (see borrowings below)	-	-	-	-
Obligations under finance lease and hire purchase agreements	-	-	-	-
Trade creditors	33,179	13,964	33,179	13,964
Accruals and deferred income	14,084	6,263	13,341	5,482
	47,263	20,227	46,520	19,446

BORROWINGS

Group

	Bank Overdraft		Other loans		Finance leases and hire purchase		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings payable by instalments:								
Within one year	-	-	75,188	-	-	20	75,188	20
Between one and two years	-	-	-	-	-	-	-	-
Between two and five years	-	-	-	-	-	-	-	-
After more than five years	-	-	-	-	-	-	-	-
Prepaid finance costs	-	-	-	-	-	-	-	-
	-	-	75,188	-	-	20	75,188	20

Company

	Bank Overdraft		Other loans		Finance leases and hire purchase		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings payable by instalments:								
Within one year	-	-	75,188	-	-	20	75,188	20
Between one and two years	-	-	-	-	-	-	-	-
	-	-	75,188	-	-	20	75,188	20

Other loans at 31 May 2018 includes £43,000,000 (31 May 2017; £nil) secured by legal charges over the Company's guaranteed Premier League broadcast revenues. This loan incurs interest at a rate of 3.5% above LIBOR and is a three-year revolving credit facility.

Also included in other loans is an amount of £32,188,000 (31 May 2017; £nil) which was secured against future guaranteed receivables. These loans incur interest at a rate of 3.5% per annum.

Notes to the Accounts for the year ended 31 May 2018 (Continued)

17. Provision for liabilities

	Group and Company			
	Pensions (note 20)	Contingent appearance fees	Litigation	Total
	£'000	£'000	£'000	£'000
At 1 June 2017	251	5,343	-	5,594
Utilised in the year	(121)	(5,668)	-	(5,789)
Provided in the year	-	9,547	580	10,127
At 31 May 2018	130	9,222	580	9,932

The contingent appearance fees and pension provision are expected to be utilised within three and two years respectively. The litigation provision relates to ongoing legal cases. Although uncertain, at time of signing the accounts this represents management's best estimation of likely future obligations.

There are no amounts provided for deferred tax at 31 May 2018 or 31 May 2017.

18. Share Capital and Reserves

The Group and Company's Share Capital

	2018	2017
	£'000	£'000
Allotted, issued and fully paid		
35,000 ordinary shares of £1 each	35	35

The group's other reserves are as follows:

Share premium reserve, which contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss reserve, which represents cumulative profits or losses, net of dividends paid and other adjustments.

Other reserves represents an interest free loan of £150,000,000 provided by Bluesky Capital Limited, a company controlled by Mr Moshiri. The loan is to be repaid at a date to be agreed by Bluesky Capital Limited and Everton Football Club Company Limited. In accordance with FRS 102.22 the loan has therefore been classified as equity. Loan arrangement fees of £750,000 have been deducted from equity in accordance with FRS 102.22.9.

19. Contingent Liabilities

No provision is included in the accounts for transfer fees of £41,403,000 (2017: £32,169,000) which are, as at 31 May 2018, contingent upon future appearances of certain players and at the balance sheet date are not considered probable; or signing-on fees and loyalty bonuses, as at 31 May 2018, of £31,231,000 (2017: £18,410,000) which would become due to certain players if they are still in the service of the Club on specific future dates.

20. 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"; "the Scheme"), a defined benefit scheme. As one of a number of participating employers in the FLLPLAS, the Group is advised only of its share of the Scheme's deficit and recognises a liability in respect of this.

As a result, the contributions paid to the scheme reduce the provision. The Group is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reliable basis and therefore accounts for the Scheme as if it were a defined contribution scheme.

Contributions are also paid into individuals' private pension schemes. Total contributions across all schemes during the year amounted to £542,000 (2017: £470,000).

The amount outstanding at year end was £87,000 (2017: £63,000).

21. Post Balance Sheet Events

Since 31 May 2018, the Club has entered into transfer agreements for confirmed contracted net transfer fees payable of £82,717,000.

The Club has renewed the RCF facility which has two years remaining. At 31 May 2018 the facility was £60m with £43 drawn.

Since 31 May 2018 the Club's majority shareholder has provided further interest-free loans of £100,000,000 with no agreed repayment date, which were treated as equity.

22. Related Party Transactions

Everton in the Community is a registered Charity (Number 1099366) incorporated on 31 July 2003 and began trading on 1 June 2004. The Charity operates separately from the Group hence has not been consolidated in the Group results, but as at 31 May 2018 Everton Football Club Company Limited employees held four of the six Trustee positions at the Charity. During the year Everton Football Club Company Limited incurred net operating costs of £240,000 (2017: £303,000) on behalf of the Charity.

During the year the Club's majority shareholder has provided interest-free loans of £44,775,000, included in equity, with no agreed repayment date. The balance outstanding at year end was £149,250,000.

During the year the Club received naming rights income in respect of Finch Farm training complex of £6,000,000 (2017: £6,000,000) from USM Services Limited. The Club's majority shareholder is a shareholder of USM Holdings, a parent company of USM Services Limited.

During the year, the Club entered into a 15-year agreement to lease office space in the Royal Liver Building. The Club's majority shareholder has an ownership interest in the Royal Liver Building.

23. Capital Commitments

There were no capital commitments at 31 May 2018 or 31 May 2017 in the company or group.

24. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Judgements

The directors do not consider there to be any critical accounting judgements.

Key Sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Contingent Appearance Fees

As per the terms of some transfer agreements entered into there are fees contingent on future appearances of certain players. At 31 May 2018 there is £41,403,000 (2017: £32,169,000) of contingent fees which are not considered probable based on management's best estimates.

Notes to the Accounts for the year ended 31 May 2018 (Continued)

25. Financial Instruments

The carrying values of the Group's and company's financial assets and liabilities are summarised by category below:

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Financial assets				-
Measured at amortised cost:				
Trade debtors	45,280	18,728	45,280	18,729
Measured at undiscounted amounts receivable:				
Trade debtors and other debtors	64,926	35,927	64,284	35,438
Amounts due from subsidiaries	-	-	5,667	-
Cash at bank and in hand	9,475	9,635	9,408	9,512
	119,681	64,290	124,639	63,679

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Financial liabilities				
Measured at fair value:				
Derivative financial instruments	-	-	-	-
Measured at amortised cost				
Trade creditors	33,179	13,964	33,179	13,964
Obligator under finance leases	-	20	-	20
Measured at undiscounted amount payable				
Bank loans and overdrafts	75,188	-	75,188	-
Trade and other creditors	55,217	32,547	54,970	32,537
Amounts owed to subsidiaries	-	-	-	4,772
	163,584	46,531	163,337	51,293

The Group's income, expense, gains and losses in respect of financial instruments are summarised below.

	Group	
	2018	2017
	£'000	£'000
Income and expense		
Total interest income for financial assets at amortised cost	3,072	1,797
Total interest expense for financial liabilities at amortised cost	(3,313)	(1,737)

