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THE EVERTON FOOTBALL CLUB COMPANY LIMITED



ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

AT 31st MAY, 1989

THE EVERTON FOOTBALL CLUB COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred & tenth Annual General Meeting of the Company will be held at the offices of The Everton Football Club Company Limited, Goodison Park, Liverpool L4 4EL, on Thursday the 17th Day of August, 1989, at 7.00 p.m. to receive and consider the Report of the Directors, and the Accounts for the Year ended 31st May, 1989, to elect Directors, to appoint Auditors for the ensuing year, and to fix their remuneration, and to transact any other business which may be transacted at the Annual General Meeting of the Company.

The Transfer Books of the Company will be closed until 18th August, 1989.

By Order of the Board.

J. GREENWOOD, Secretary,
Goodison Park, Liverpool L4 4EL.

17th July, 1989

Admission on Presentation of Annual Report

Notice is also given that a Member of the Company entitled to attend and vote at the above Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him, and that the proxy need not be a member of the Company.

Proxies must be lodged at the Registered Office of the Company, not less than 48 hours before the time of the Meeting.

Directors

P. D. Carter, C.B.E., Chairman
T. H. W. Scott, Vice-Chairman
A. W. Waterworth
K. M. Tamlin
D. A. B. Newton
D. H. Pitcher
D. M. Marsh

Secretary and Registered Office

J. Greenwood,
Goodison Park, Liverpool L4 4EL

Manager

J. C. Harvey

Bankers

Trustee Savings Bank

Auditors

Rogers, Bowler & Co.

THE EVERTON FOOTBALL CLUB COMPANY LIMITED

CHAIRMAN'S REPORT

I have much pleasure in submitting the Financial Report and Accounts.

The 1988/89 Season fell into two distinct categories.

The final League position of 8th was well below our normal standard, and was in fact, our poorest performance since 1981. The team's away performance was particularly bad resulting in only 4 wins out of 19 games. I know that Colin Harvey and his staff are far from satisfied with this situation, and this has resulted in further activity in the transfer market.

Our participation in the three cup competitions was much more encouraging. Two Wembley appearances in the F.A. and Simod Competitions was highly commendable. Although we were losing finalists on each occasion, the fans gave the team great credit for their performance and commitment.

In the Central League we were runners-up to Nottingham Forest after leading for most of the Season, whilst the 'A' team were Division 1 champions in the Lancashire League.

This was Colin Harvey's second season as Manager, and I know that he has the support of the Board, and the fans in his efforts to strengthen and improve the team's performance.

We have again been involved in considerable transfer activity. Since my last report we bought:— Tony Cottee, Neil McDonald, Jason Kearton, Martin Keown, Mike Newell, and within the last few days our first signing from Europe— Stefan Rehn from Djurgarden FC, Stockholm.

Players sold during the same period were: Alec Chamberlain, Adrian Heath, Peter Reid, Wayne Clarke, Neil Adams and Trevor Steven.

International Honours were awarded to:

England: T. Steven, T. Cottee

Wales: N. Southall, K. Ratcliffe, P. Van Den Hauwe

Eire: K. Sheedy

Scotland: P. Nevin, G. Sharp

England

Under 21: J. Ebbrell

Ian Snodin had to withdraw from the England squad due to an unfortunate injury.

For the fifth successive year, the Everton staff who produce the Match Programme were presented with 'The Programme of the Year' Award, a marvellous achievement—deserving our warmest congratulations.

Our average League attendances again reflected the fans' disappointment, and were level with the previous season at 27,877.

Income from our main football activities rose from £3,811,289 to £4,273,539 resulting in a loss before transfer fees of £409,533 on "football activities".

Income from our other activities and Donations from the various Lotteries rose from £1,444,761 to £1,629,478.

The increase in total wage costs from £2,240,460 to £3,160,697 demonstrates the need for success in all areas of activity in order to compete at the highest level for the best quality players.

The net expenditure on transfer fees was £2,195,786 which offset the reserve of £2.25m provided in last years accounts. In accordance with the practice of recent years we have provided a further transfer fee reserve of £500,000 and the total profit carried to general reserves, therefore, was £69,967 after tax.

THE EVERTON FOOTBALL CLUB COMPANY LIMITED

CHAIRMAN'S REPORT continued

During the course of the past year we have received a number of requests from individual Stockholders for an indication of the value of stock as at March 31 1982, for Capital Gains Tax purposes. Our assessment of the value of each £1 unit, based on transfers presented for registration at that time, would be £250.

The sad events at Hillsborough shocked and saddened the entire Nation. In Liverpool the response was magnificent. The people withdrew into their own private grief, whilst conducting their public demonstrations of unity with dignity and compassion. It is essential that Lord Justice Taylor's Report gives clear directions on the lessons learned, and the action necessary to ensure that such a catastrophe can never happen again.

The fences at Goodison were removed in time for the game against Liverpool on 3rd May, as a result of a joint meeting between the two Clubs with the Police and the Local Authorities. The Club has been instructed to introduce security corridors at both ends of the ground for a trial period. Should the fans, however, not observe the security arrangements, then some other form of fencing will be required.

We continue to improve both facilities and services at the Club. We are replacing the seating in Gwladys Street Stand in Everton Blue. The flood-lighting system is being completely replaced with the latest up-to-date system. A new three line electronic scoreboard is being installed. A £50,000 refurbishment programme for Ladies' Toilets in Gwladys Street, Bullens Road and the Family Enclosure, with additional Gents Toilets in Gwladys Street Stand. Prior to the start of the new Season all ground bars will have been modernised.

We are also considering a programme for seating the Bullens Road Paddock, but this is being deferred until the results of the Taylor Report are known. It will not be implemented for the coming Season.

NEC, our shirt sponsor, continue to give the Club their full support, and we were delighted with the media coverage they received, particularly at the F.A. Cup Final.

I would wish to place on record my deep appreciation of the help and support I have received from all Directors and Staff.

It was with deep regret that we marked the passing of Mr. George Watts, a Director of 20 years and a former Chairman.

Finally, looking to the future — for the third season in succession Football League attendances have increased, and in spite of the many problems attributed to football, it continues to be the fans' first choice as a spectator sport.

We, at Everton, look forward to the coming season with renewed anticipation, and wish Colin Harvey, his staff and the players every success in their efforts to bring back to Goodison Park the success and trophies that are part of our heritage.

PHILIP CARTER
Chairman

17th July 1989

THE EVERTON FOOTBALL CLUB COMPANY LIMITED

REPORT OF THE DIRECTORS

Principal activity

The principal activity of the Company continues to be that of a Professional Football League Club.

Review of business

The results of the period's trading are given on page 7 of the accounts.

The net profit for the year is £69,967 after the transfer of £500,000 to the Transfer Fee Reserve.

The Directors consider this prudent. Since the end of the Financial year, 3 players have been transferred out with a further 3 incoming. There is a degree of uncertainty of the net cost involved because 2 transfer fees are awaiting assessment by independent tribunals.

Compared with a profit of £94,252 last year the loss on "football activities" during the year is £409,533. This is entirely due to the major increase in players' wage costs over the previous year. Donations and Profits from other activities continued to improve, increasing from £782,942 last year to £865,995.

The Directors consider the state of the Company's affairs at the year end to be satisfactory.

Dividend

The Directors do not recommend the payment of a dividend.

Directors

The directors in office in the year and their beneficial interests in the issued ordinary share capital were as follows:

	31st May 1988	31st May 1989
	£	£
Mr. P. D. Carter, C.B.E.	89	91
Mr. T. H. W. Scott	7	7
Mr. A. W. Waterworth	5	5
Mr. K. M. Tamlin	14	15
Mr. D. A. B. Newton	3	3
Mr. D. H. Pitcher	5	5
Dr. D. M. Marsh	3	3

In accordance with the Articles of Association Messrs. P. D. Carter, T. H. W. Scott and K. M. Tamlin retire by rotation and, being eligible, offer themselves for re-election. Nominations have been received on behalf of Messrs. G. H. E. Birch, and P. L. Parry.

Fixed assets

Full details of the changes to the Fixed Assets are shown in the Notes to the Accounts.

Auditors

The auditors, Messrs. Rogers, Bowler & Co., will be proposed for re-appointment in accordance with Section 384 of the Companies Act 1985.

By order of the Board

P. D. CARTER,
Chairman

17th July, 1989.

THE EVERTON FOOTBALL CLUB COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MAY 1989

	Notes	1989 £	1988 £
Income			
Gate receipts and income from related footballing activities		4,273,539	3,811,289
Trading and other income		1,525,294	1,297,436
		<u>5,798,833</u>	<u>5,108,725</u>
Expenditure			
Cost of goods for resale		610,267	586,717
Staff costs	10	3,160,697	2,240,460
Training, travel, match and other expenses		566,615	504,828
Ground expenses and maintenance		300,142	470,931
Utilities		334,085	313,181
Depreciation	2	100,533	93,787
Auditors' remuneration		5,000	5,000
Other operating expenses		369,236	241,134
		<u>5,446,575</u>	<u>4,456,038</u>
Balance before transfer fees		352,258	652,687
<i>Add:</i> Transfer fees receivable		2,233,557	1,305,500
<i>Deduct:</i> Transfer fees, etc., payable		(4,429,343)	(441,000)
Balance after transfer fees		(1,843,528)	1,517,187
<i>Add:</i> Interest receivable		27,906	85,349
<i>Deduct:</i> Interest payable	11	(31,728)	(8,167)
Loss on ordinary activities before taxation (1988: Profit)		(1,847,350)	1,594,369
Taxation re ordinary activities	12	63,133	(64,451)
Loss on ordinary activities after taxation (1988: Profit)		(1,784,217)	1,529,918
<i>Add:</i> Donations receivable	13	104,184	147,325
Transfer from Transfer Fees Reserve	9	2,250,000	—
<i>Deduct:</i> Transfer to Transfer Fees Reserve	9	(500,000)	(1,500,000)
Profit transferred to reserves		<u>69,967</u>	<u>177,243</u>

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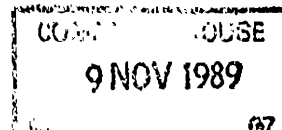
THE EVERTON FOOTBALL CLUB COMPANY LIMITED

BALANCE SHEET AS AT 31st MAY 1989

	Notes	1989		1988	
		£	£	£	£
Fixed Assets					
Tangible assets	2		4,814,224		4,704,379
Current Assets					
Stocks	3	69,276		53,722	
Debtors	4	2,060,282		1,089,960	
Cash at bank and in hand		9,566		1,542,546	
			2,139,124		2,686,228
Creditors: amounts falling due within one year	5		2,475,134		(1,144,100)
Net Current Assets (Liabilities)			(336,010)		1,542,128
Total Assets less Current Liabilities			4,478,214		6,246,507
Creditors: amounts falling due after more than one year	6, 7		(73,608)		(161,868)
Net Assets			4,404,606		6,084,639
<i>Representing</i>					
Capital and Reserves					
Called up share capital	8		2,500		2,500
Revaluation reserve	9		2,916,341		2,916,341
Other reserves	9		500,000		2,250,000
Profit and loss account	9		985,765		915,798
			4,404,606		6,084,639

Signed on behalf of the Board,
who approved the accounts on 17th July, 1989

P. D. CARTER }
T. H. W. SCOTT } Directors



This is to certify that this is a true copy of the Balance Sheet handed to Members of the Company at the Annual General Meeting held on 17 August 1989.

[Signature]
Director

[Signature]
Director

THE EVERTON FOOTBALL CLUB COMPANY LIMITED

STATEMENT OF THE SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31st MAY 1989

	1989		1988	
	£	£	£	£
Source of Funds				
<i>Funds generated from operations:</i>				
Profit/(Loss) on ordinary activities before taxation		(1,847,350)		1,594,369
<i>Adjustment for items not using funds —</i>				
Depreciation		100,533		93,787
		<u>(1,746,817)</u>		<u>1,688,156</u>
<i>Funds from other sources:</i>				
Donations receivable		104,184		147,325
Sale of fixed assets		53,141		46,565
Grants from The Football Grounds Improvements Trust		8,514		249,060
		<u>(1,580,978)</u>		<u>2,131,106</u>
Total funds from all sources				
Application of Funds				
Purchase of fixed assets	272,034		692,833	
Repayment of loans	88,260		91,275	
Taxation paid	34,444		44,750	
		<u>394,738</u>		<u>828,858</u>
		<u>(1,975,716)</u>		<u>1,302,248</u>
Movement in Working Capital				
Decrease/(increase) in stocks	(15,554)		(20,257)	
Decrease/(increase) in debtors	(914,080)		(361,323)	
Increase/(decrease) in creditors	1,372,370		(478,436)	
		<u>442,736</u>		<u>(860,016)</u>
Decrease in net liquid funds (1988: increase)		<u>(1,532,980)</u>		<u>442,232</u>
<i>Comprising increases/(decreases) in:—</i>				
Bank balances		(1,535,980)		442,082
Cash in hand		3,000		150
		<u>(1,532,980)</u>		<u>442,232</u>

THE EVERTON FOOTBALL CLUB COMPANY LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MAY 1989**

1. Accounting Basis and Policies

These accounts have been prepared on the historical cost basis of accounting as modified to include valuations of the Club's properties, and in accordance with accounting policies consistent with those adopted previously, and set out in the following notes where appropriate.

2. Tangible Fixed Assets

	Properties	Plant and equipment	Vehicles	Total
	£	£	£	£
Cost or Valuation				
At 1st June 1988	4,410,678	516,460	149,931	5,077,069
Additions	24,355	131,272	116,407	272,034
Grants	(8,514)	—	—	(8,514)
Disposals	—	—	(68,734)	(68,734)
At 31st May 1989	4,426,519	647,732	197,604	5,271,855
Cost	396,519	647,732	197,604	1,241,855
Valuation in April 1987	4,030,000	—	—	4,030,000
	4,426,519	647,732	197,604	5,271,855
Depreciation				
At 1st June 1988	—	324,700	47,990	372,690
Provided during year	—	62,684	37,849	100,533
On disposals	—	—	(15,592)	(15,592)
At 31st May 1989	—	387,384	70,247	457,631
Net book value				
At 31st May 1989	4,426,519	260,348	127,357	4,814,224
At 31st May 1988	4,410,678	191,760	101,941	4,704,379

The Club's properties are freehold, with the exception of certain minor residential properties which are long leasehold.

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:—

	1989	1988
	£	£
Cost	1,619,628	1,603,786
Aggregate depreciation	128,453	125,436
Net book value	1,491,175	1,478,352

It is the Club's policy to maintain the value and extend the life of its properties by regular expenditure charged to revenue, and to revalue the properties every four years and adjust the book values accordingly. Having regard to this, depreciation is not provided on freehold properties as the directors are of the opinion, in the case of some properties, that their estimated residual value exceeds their book value, and in the case of other properties, that the sum involved would be immaterial. Depreciation on other fixed assets has been calculated at 25% on the book value.

3. Stocks

Stocks are valued at the lower of cost and net realisable value and comprise the following:—

	1989	1988
	£	£
Refreshments and souvenirs	69,276	50,454
Maintenance stocks	—	3,268
	69,276	53,722

4. Debtors

Trade debtors	1,713,376	882,833
Other debtors	180,624	56,525
Prepayments and accrued income	166,282	348,902
	2,060,282	1,089,960

5. Creditors: amounts falling due within one year

Trade creditors	1,726,610	530,915
Social security and other taxes	142,750	75,790
Other creditors	167,603	44,185
Accruals and deferred income	349,911	363,614
	2,386,874	1,014,504

Corporation tax	—	41,336
Bank loan (see note 6)	84,360	84,360
Loans from brewery (see note 7)	3,900	3,900
	2,475,134	1,144,100

6. Bank loan

(a) Falling due within one year:	84,360	84,360
(b) Falling due after more than one year and within five years:	53,808	138,168
Aggregate amounts	138,168	222,528

The bank loan is repayable, together with interest, in equal monthly instalments of £7,030, and is secured by a fixed charge on the Club's freehold properties at Goodison Park and Bellefield.

	1989	1988
	£	£
7. Loans from Brewery		
(a) Falling due within one year	3,900	3,900
(b) Falling due after more than one year:		
Repayable within five years	15,600	15,100
Repayable after five years	4,200	8,100
	<u>19,800</u>	<u>23,700</u>
Aggregate amounts	<u>23,700</u>	<u>27,600</u>

Two loans are included above, one being repayable in half-yearly instalments of £450 until 1992 and bearing interest at 5% per annum, and the other being repayable in half-yearly instalments of £1,500 until 1996 and bearing interest at 6% per annum.

8. Called Up Share Capital		
Authorised: 2,500 £1 stock units	2,500	2,500
Allotted, issued and fully paid: 2,500 £1 stock units	<u>2,500</u>	<u>2,500</u>

9. Reserves		
<i>Revaluation reserve</i>		
Balance at 1st June 1988	2,916,341	2,916,341
Adjustment on revaluation of properties	—	—
Balance at 31st May 1989	<u>2,916,341</u>	<u>2,916,341</u>
<i>Transfer fees reserve</i>		
Balance at 1st June 1988	2,250,000	750,000
Transferred to profit and loss account	(2,250,000)	—
Transferred from profit and loss account in respect of future expenditure authorised by the directors	500,000	1,500,000
Balance at 31st May 1989	<u>500,000</u>	<u>2,250,000</u>
<i>Profit and Loss Account</i>		
Balance at 1st June 1988	915,798	738,555
Profit for the year	69,967	177,243
Balance at 31st May 1989	<u>985,765</u>	<u>915,798</u>

10. Particulars of Employees		
The average weekly number of employees during the year was as follows:—		
Playing, training and management	48	44
Maintenance and administration	30	30
Catering and sales	32	32
	<u>110</u>	<u>106</u>

The aggregate payroll costs of the above persons were as follows:

Wages and salaries	2,564,343	1,867,401
Social security costs	207,134	165,090
Other pension costs	389,220	207,969
	<u>3,160,697</u>	<u>2,240,460</u>

The number of employees whose emoluments exceeded £30,000 in the year, excluding pension contributions, was as follows:—

	1989	1988
Between £30,001 and £35,000	—	3
£35,001 and £40,000	2	2
£40,001 and £45,000	1	2
£45,001 and £50,000	—	1
£50,001 and £55,000	5	4
£55,001 and £60,000	2	2
£60,001 and £65,000	—	2
£65,001 and £70,000	—	2
£70,001 and £75,000	1	1
£80,001 and £85,000	2	—
£85,001 and £90,000	1	—
£95,001 and £100,000	1	—
£100,001 and £105,000	1	—
£105,001 and £110,000	1	—
£120,001 and £125,000	1	—
£195,001 and £200,000	1	—
	<u>19</u>	<u>19</u>

The directors received no emoluments from the company during the year.

11. Interest Payable

	£	£
On bank loans and overdrafts	30,277	6,611
On other loans	1,451	1,556
	<u>31,728</u>	<u>8,167</u>

12. Taxation

Taxation consists of the following:—

Corporation tax on the taxable profits of the year calculated at 35%	—	62,883
Adjustments re earlier years	(63,133)	1,568
	<u>(63,133)</u>	<u>64,451</u>

In view of the continuing use of the freehold properties no provision is considered necessary in respect of the potential tax liability which might arise in the event of the disposal of the properties at the amounts at which they are included in these accounts, and in the opinion of the directors it is impracticable and of no useful purpose to attempt to quantify it.

13. Donations Received

Donations receivable comprise amounts receivable from the various Everton development associations, reduced by expenses relating thereto.

14. Future Capital Expenditure

Capital expenditure contracted for but not provided for in these accounts amounted to	Nil	Nil
Further capital expenditure authorised by the directors on which orders had not been placed prior to the Balance Sheet date amounted to	Nil	Nil

REPORT OF THE AUDITORS TO THE MEMBERS OF THE EVERTON FOOTBALL CLUB COMPANY LIMITED

We have audited the accounts set out on pages 7 to 13 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention as modified by the revaluation of certain properties and on the basis of the accounting policies set out in the notes on pages 10 to 13.

In our opinion, the accounts give, on the above basis, a true and fair view of the state of the company's affairs at the 31st May 1989 and of its results and source and application of funds for the year ended on that date, and comply with the Companies Act 1985.

ROGLERS, BOWLER & CO., Chartered Accountants, Blakenhead.

17th July 1989

THE EVERTON FOOTBALL CLUB COMPANY LIMITED

MINUTES OF THE 109th ANNUAL GENERAL MEETING

THE 109th ANNUAL GENERAL MEETING OF THE EVERTON FOOTBALL CLUB CO. LTD., HELD AT GOODISON PARK, LIVERPOOL ON THURSDAY, 25th AUGUST, 1988 AT 7.00 p.m.

Present: Messrs. P. D. Carter (*in the Chair*), T. H. W. Scott, A. W. Waterworth, K. M. Tamlin, D. A. B. Newton, D. H. Pitcher and Dr. D. M. Marsh (*Directors*), J. Greenwood (*Secretary*), J. C. Harvey (*Manager*) and Mr. P. B. Bowler (*representing Rogers, Bowler & Co.*) together with 141 shareholders.

NOTICE CONVENING THE MEETING

It was agreed that the Notice convening the Meeting should be taken as read.

ADMISSION OF THE PRESS

It was agreed that members of the press should be permitted to remain in attendance throughout the meeting.

MINUTES

It was agreed that the Minutes of the 108th Annual General Meeting, as circulated, should be taken as read. Mrs. E. Jones proposed that the Minutes be approved and signed as a correct record. Mr. F. Peacock seconded and the proposal was carried unanimously.

CHAIRMAN'S REPORT

It was agreed that the Chairman's Report should be taken as read. Mr. Carter referred to further players signed subsequent to the Report and proposed improvements to the ground facilities.

DIRECTORS' REPORT AND ACCOUNTS

It was agreed that the Directors' and Auditors' Report, as circulated, should be taken as read. There were no questions on the Accounts. Mr. K. M. Tamlin proposed the adoption of the Report and Accounts. Miss L. Brown seconded and the proposal was carried unanimously.

DIVIDEND

Mr. A. W. Waterworth proposed that no dividend should be paid. Mr. R. E. D. Edwards seconded and the proposal was carried.

APPOINTMENT OF AUDITORS

Mr. T. H. W. Scott proposed that Messrs. Rogers, Bowler & Co., should be re-appointed as Auditors for the ensuing year and their remuneration be left to the Directors to decide. Mr. N. Dainty seconded and the proposal was carried unanimously.

ELECTION OF DIRECTORS

The Chairman reported that Messrs. D. A. B. Newton and D. M. Marsh were retiring Directors. Both were eligible and seeking re-election. Nominations had been received in respect of Messrs. G. H. E. Birch and P. L. Parry but both had been withdrawn. The meeting agreed unanimously to a single proposal re-electing the retiring Directors for a further 3 year term. Mr. Carter then formally proposed that Messrs. D. A. B. Newton and D. M. Marsh be appointed as Directors for a further 3 years. Mr. A. G. Hirst seconded and the proposal was carried unanimously. Dr. D. M. Marsh expressed thanks to the meeting on behalf of Mr. D. A. B. Newton and himself.

VOTE OF THANKS

The meeting closed with a vote of thanks to the Directors, Management and Staff, proposed by Mr. P. L. Parry and seconded by Mr. D. L. Parry.