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ANNUAL REPORT & ACCOUNTS
2005



The People's Club
evertonfc.com

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Directors and Advisors

Directors

W Kenwright CBE (Chairman)
J V Woods (Deputy Chairman)
P R Gregg
K Wyness
A Gregg

Chief Executive

K Wyness

Company Secretary

M Cheston

Registered Office

Goodison Park
Liverpool, L4 4EL

Auditors

Deloitte & Touche LLP
Liverpool

Bankers

Barclays Bank plc
Liverpool

Registrars

Capita IRG
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Notice of the AGM

Notice is hereby given that the one hundred and twenty sixth Annual General Meeting of The Everton Football Club Company Limited (The Company) will be held in the Alex Young Suite, Goodison Park, Liverpool, L4 4EL on the 24th November 2005 at 7pm for the purpose of considering the following ordinary business.

1. To receive the Directors' Report and Financial Statements for the year ended 31st May 2005.
2. To re-appoint Deloitte & Touche LLP as Auditors to the Company and to authorise the Directors to fix their remuneration.
3. To re-elect Director - in accordance with the provisions of Article 18.2, J V Woods retires by rotation and being eligible offers himself for re-election.
4. To elect Director - A Gregg, having been co-opted to the Board on the 8th December 2004, be re-appointed to the Board.
5. To transact any other business which may be transacted at the Annual General Meeting of the Company.

By order of the Board

M CHESTON
Company Secretary
Goodison Park
Liverpool L4 4EL
Date: 30th September 2005

NOTES

A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend, and on a poll, to vote in his/her place. A proxy need not be a member of the Company.

To be valid, a duly executed instrument of proxy must be lodged at the Registered Office of the Company at least 48 hours before the time appointed for holding the meeting.

The stock transfer books of the Company will be closed until 25th November 2005.

INFORMATION TO SHAREHOLDERS

Shares in Everton Football Club Co Ltd are "off-market". If you wish to buy or sell shares in the Club you should, in the first instance, contact your own stockbroker. If they decline to act "off-market" you can then deal in Everton Football Club Co Ltd shares through Blankstone Sington Limited, 91 Duke Street, Liverpool L1 5AA. Telephone no. 0151 707 1707, contact name Neil S Blankstone, who have indicated they will be happy to deal with the transfer of Everton Football Club Co Limited shares "off-market".

If you require any information in connection with share matters then in the first instance please contact our Registrar, Capita IRG, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Our Registrars or the stockbroker shown above will be able to advise any shareholder of the price at which Everton shares are being traded.

Chairman's Statement

Football being what it is – a sport which quite often seems perversely designed to bring about crushing disappointment – the tears that I tried to hold back as our home League campaign ended against Newcastle United back in early May could have been misconstrued. Happily though this time the tears were of joy.

I was not alone – as I looked out across a packed Goodison Park the joy was uncontained. A typically-efficient victory had moved us to within touching distance of a return to European football's prestige tournament for the first time in 34 years, a monumental achievement which was to be confirmed just over 24 hours later when Liverpool's defeat at Highbury meant our neighbours could not overhaul us and that fourth place in, arguably, world football's most-competitive League was definitely ours.

The fact that I stood there soaking up a very special, magical moment at the end of my first season as Chairman of the Club I have always loved was irrelevant – it was an afterthought. I stood there as a supporter, one who was grateful to those members of the Everton managerial and playing staffs who had combined so expertly to bring such undiluted happiness to those who had waited so patiently for so long.

I feel certain that you all felt the same sense of enormous pride, as did I, when David Moyes was named Manager of the Year by the League Managers' Association for the second time in three seasons. It truly is a magnificent achievement by such a comparatively young manager but, as we know by now, here is a man who positively delights in drawing inspiration from adversity, a man who does not understand the concept of failure, a man who has dedicated his professional life to the pursuit of perfection.

David has been fully supported by his Board of Directors – and that unswerving support will continue because if we are to build something of substance and meaning upon the foundations he and his players have now laid in place, it is imperative that he enjoys the unqualified backing of not only the team on the pitch but also the one away from it.

Football remains a transient business so, as ever, the Club's playing staff was subjected to change over the past year. During the January transfer window, James Beattie became the most expensive player in our history when he signed from Southampton. He was joined at Goodison by Simon Davies, Per Kroldrup, John Ruddy, Mikel Arteta, Phil Neville and more recently, Andy van der Meyde, Nuno Valente and Matteo Ferrari, the latter joining – initially at least – on a 12-month loan deal. Amongst those who left the Club were Peter Clarke, Nick Chadwick and four men who will live long in the affections of all Evertonians – Kevin Campbell, Thomas Gravesen, Alan Stubbs and Steve Watson. They moved on to face fresh challenges with our grateful thanks and our very best wishes.

The one aspect of our Club which thrills but never surprises me is our magnificent level of support. Our average League attendance during the course of last season was 36,834, built upon a bedrock of season-ticket sales which surpassed the 24,000 figure.

Biased though I undoubtedly am, I will never be swayed from the belief that Everton Football Club is privileged to have the most loyal – and the most knowledgeable – group of supporters in British football. On behalf of you all, may I express my heartfelt thanks and appreciation to our diligent matchday staff and to the members of the various emergency services who continue to ensure the safety and comfort of all those who visit Goodison Park. Our thanks also go out to each and every member of the Everton staff – irrespective of whether they be full-time or part-time – who performed their various duties with diligence, professionalism and enthusiasm during the course of what was, unquestionably, a most demanding season.

Some 12 months after his arrival on Merseyside from Aberdeen, our Chief Executive Officer, Keith Wyness, is now, I suspect, fully conversant with both the size of the task he accepted last summer and, more saliently, the size of the sporting institution whose business he oversees on a daily basis. The running of a football club is an invariably complex business and I know that Keith is still fine-tuning the managerial team

Chairman's Statement continued

which will work alongside him as he seeks to ensure that last season's upturn in fortunes comes to represent the norm rather than the exception. To that end we recently welcomed onto the staff Robert Elstone from Deloitte & Touche. Robert arrives as the Club's Chief Operating Officer and we wish him well in his new career.

On a personal note, I would like to thank my fellow directors and the Club's Heads of Department for their support, encouragement and continued professionalism throughout a year which, whilst hugely rewarding in a sporting sense, was often difficult and always challenging.

May I also place on record my grateful thanks to the Club's bankers, Barclays Bank plc, and in particular their representative Steve Walton, and to our various sponsors, all of whom have provided professional and invaluable support throughout the year.

Our relationship with our main sponsor, the Thai beverages company, Chang, has proved to be particularly close and rewarding. In the wake of the dreadful tsunami which devastated large parts of Thailand late last year, we were the first English Club to launch a disaster appeal and, typically and predictably, Evertonians gave generously to a most worthy cause. The proceeds were used to help build the "Everton-Chang Village" a new, 50-home estate in Ban Naan Khen near Phuket which

was visited by our manager and players during July's Asian Trophy tournament in Bangkok.

Finally, I assure you that the Board of Directors will continue their vigilance in terms of controlling costs and with regard to isolating and then fully exploiting potential revenue streams. As ever, sound and careful financial planning is absolutely essential if we are, indeed, to maximise our great Club's huge potential but the Board will, of course, remain ever mindful that a successful team - backed up and ably supported by a successful business operation - is our over-riding priority. Last season was memorable in so many ways but it is inevitable that in a business which is fluid, ever-changing and, by its very nature, always enormously demanding, mistakes were made along the way.

I have felt a part of this football club since my days in the boys' pen and so, in much the same way as I share in the successes, I always accept a measure of the blame when our collective shortcomings are exposed. As ever, all I can promise is that I will continue to give everything I can as we seek to re-establish Everton Football Club as a leading light not just within English football but within the vanguard of the European game.

Bill Kenwright

Financial Review

I am delighted to report that our turnover for the year represents a record figure for Everton Football Club - £60.0m, an increase of 34% on the prior year (2004: £44.7m). With the exception of the prior year, this figure continues the previous, most welcome, trend of consistent year-on-year growth that has now spanned more than a decade.

The achievement of this record turnover is largely due to two factors - a final FA Premier League placing of 4th (compared to a position of 17th in the previous campaign, 2003-2004) and a significant increase in the number of live television appearances; as we are all aware, in sport, success does breed success. Other revenue categories also demonstrated a year-on-year growth and a breakdown of these can be found in Note 2 of the accounts.

We have repeatedly stressed the desire - indeed, the need - to reduce the Club's annual wage bill as a proportion of turnover and this has been achieved with a reduction of 23% to 51% (2004: 74%). This decrease has resulted in a reduction in wages of some 7% to £30.8m (2004: £33.2m).

After taking this decrease into consideration we are pleased to report that we have recorded an operating profit on operations excluding player trading of £10.4m (2004: loss of £2.7m). When we incorporate the amortisation of players' registrations of £10.4m (2004: £11.3m) we have turned the operating loss of £14.0m from the previous year into a small current year operating profit.

Predictably, the most significant increase from the prior year was in the area of player-trading where we recorded a profit of £23.4m (2004: £1.6m) on disposal of players' registrations - mainly due to the sale, last August, of Wayne Rooney to Manchester United.

We also registered a profit of £2.8m (2004: £nil) on the disposal of tangible fixed assets after agreeing the sale of the Eileen Craven car park site.

Once we incorporate the annual interest charge of £2.9m (2004: £3.1m) - incurred principally to cover the cost of servicing the securitisation debt - as well as interest receivable, the accounts show a pre tax profit of £23.5m (2004: loss of £15.4m).

I am very pleased to report that borrowings for the year decreased by 40% to £28.3m (2004: £47.0m). This figure should, however, be placed into context by stating that £26.2m is not due for repayment for more than five years.

As a direct consequence of both the pre-tax profit and the reduction in borrowings, I am also pleased to report that the balance sheet now shows a net asset position of £0.5m (2004: net liability £23.1m).

Finally the cash inflow from operating activities was £13.3m (2004: outflow of £1.5m). After payments for interest and net capital expenditure the net cash inflow was £23.9m (2004: outflow of £11.7m), and following the repayment of various loans the increase in cash for the year was £10.3m (2004: decrease of £4.1m).

Youth Academy

Nowhere is a Club's history more appreciated than here at Everton – but celebrating the achievements, the triumphs and the heroes of the past will never be allowed to distract the Club from its primary objective of building for the future; pasts are to be enjoyed, futures are to be anticipated with much relish.

The Club's Youth Development Programme provides the foundations for that future – on and off the field of play – and, as such, has always received the Board's total and unswerving support. The commitment to those foundations will take physical form with the development of the Club's new Youth Academy complex at Halewood.

The transformation from drawing-board design to glorious reality has, sadly and, perhaps inevitably, been delayed by red-tape since the feasibility study to pinpoint a suitable site for the development was first undertaken five years ago. However, that reality is now closer than ever, with preparatory work already now underway at the Halewood site.

It is a development that will provide a fitting home for both the first team and the Academy. We have been determined from the outset that only the best will do and we are confident that when the project is completed, Everton's training facilities will be the envy of the Premiership – and beyond.

Over the last twelve months Everton's Youth Academy has further underscored its position as one of the finest developers of footballing talent in the country. Head of the Academy, Ray Hall and his dedicated team deserve great praise for their exemplary efforts that, *once again, have provided dividends for the senior squad.*

The Academy's aim is to provide at least one player per season for the first team and the last twelve months has been no different, with the emergence of James Vaughan. On April 10 2005, at the tender age of

just 16 years and 271 days, the striker made his first team debut in a Premiership game against Crystal Palace at Goodison Park. That in itself was a record, James usurping Joe Royle to become the youngest player to ever represent the senior side. But, not content with penning one historical chapter, James promptly netted Everton's fourth goal of the game within ten minutes of entering the fray to become the Club's and the Premiership's youngest-ever goalscorer.

There has also been widespread international recognition for the Academy's players, with 11 youngsters called into action for their country. The links between the Academy and the senior side have been further strengthened with reserve team boss Andy Holden utilising a number of the Academy's Under-18, Under-17 and Under-16 players to help Everton's second string record a respectable mid-table finish in the Premier Reserve League.

Many of those teenagers were also involved in guiding the club's Under-18s to a third place finish in the FA's Premier Academy League as well as securing the Liverpool Senior Cup trophy with victory over Marine in the final. Sadly, it was a tale of disappointment in the FA Youth Cup though, with the Blues unfortunate to lose to Tottenham 2-1 at the last 16 stage.

Ray Hall regards international tournaments as vital to the development of young players, both as footballers and individuals. During the last year Everton won tournaments in Vienna and Epernay, with five players receiving individual awards for their excellence in Vienna, Mezzacorona and Bierbeck.

The Academy prides itself on its reputation for identifying and nurturing the finest talent at a young age. To maintain and enhance that reputation four additional members of staff have joined the Academy's Under-7s and Under-8s section. As ever, the Club has asked a great deal of the Academy. Once again, they have delivered.

Communications & Marketing

Communications

It is inevitable that improved performances on the pitch will precipitate a quite dramatic rise in the demands on the Club's Communications and Public Relations Department.

Indeed, as a campaign of sustained excellence unfolded, the level of interest from all arms of the media - written, broadcast and new-age - was almost unprecedented. However, it is pleasing to report that despite the at-times excessive demands, the Department not only coped admirably but ensured that its reputation as being the most-approachable and co-operative within the Premiership was further enhanced.

Ian Ross' team was further strengthened by the arrival of Scott McLeod from the Liverpool Echo, an experienced and respected observer of Merseyside football for many years.

The Club's official website - www.evertonfc.com - continues to show consistent and strong signs of sustained growth. Every conceivable aspect, every facet of Club life is both covered and reflected on a site which, under the astute stewardship of Mark Rowan, continues to garner both praise and awards. Indeed, our website was voted the Premiership's finest in a survey undertaken by Net-Progress. The website - which is now available in English, Mandarin and Thai - does, of course, also represent a key marketing tool and during the course of the year a series of fresh on-line business initiatives were introduced as we attempted to broaden our income streams.

The official matchday programme continues to win plaudits and awards, both for its content and its style - editor Darren Griffiths and designer Frank Tobin are to be congratulated. During last season, pagination was increased and deadlines realigned in order to broaden sales horizons - something which did not adversely affect either quality or sales. Under the Department's guidance, the official Club magazine, *The Evertonian*, also continues to flourish; circulation continues to climb.

The Department is also a key player in the organisation and running of the hugely-popular Sportsman's Dinners which have become such an intrinsic part of the Everton calendar. Indeed, the reunion of the celebrated 1985 squad was one of the most successful off-field events ever staged by the Club.

The end-of-season DVD - produced by the Department - registered record sales, the "premiere" in the Blue Brasserie being attended by in excess of 250 supporters.

The elevation and subsequent protection of our Club's image has never been more important than it is today so I am happy to place on record my thanks to Ian Ross and his team for their diligence and professionalism.

Marketing

It was another pleasing year of steady progress, realignment and consolidation within the Club's Marketing and Retail Departments with many of the targets and objectives set out 12 months ago not only achieved but handsomely bettered. We do believe that we now have a solid and viable platform in place from which to drive significant profit growth in the years that lie ahead. Sponsorship and advertising turnover was up by 65% to £4.3m (2004: £2.6m) whilst merchandising revenue rose by an impressive 54% to £5.4m (2004: £3.5m).

We enter the 2005/06 season with a new, three-year commercial relationship with Thai Beverages through its "Chang Beer" brand. The deal does represent a significant and key development for the Club as it not only provides a welcome degree of stability through until 2008 but also a new financial benchmark for our commercial sponsorship deals.

During the last year, the Club undertook a thorough and far-reaching review of all its marketing and commercial activities with a view to improving the quality and range of its products and services; this process will continue until we can claim, without fear of contradiction, to have the most efficient commercial/retail operation in the Premiership.

The Club has recently launched evertonbet.com, a unique venture amongst European sporting clubs and one that underscores our determination to be leaders rather than followers. The year began with a "first" - the sealing of a shirt-supply deal with JJB Sports/Umbro, one that has ensured that access to the Club's Umbro-produced kits has never been easier or more efficient.

As ever the Christmas and New Year period was both frantic and productive with the opening of retail outlets in Birkenhead and Ellesmere Port complementing the hugely successful Liverpool city centre store. In keeping with a determination to make simpler and more effective the lines of communication between customer and Club, the retail department increased its presence at several high-profile external events - most notably soccer camps and summer shows.

In January, we conducted a major survey - via the Club's official website - designed to present supporters with an opportunity to deliver both their input and their verdict on the Club's multi-faceted match-day operation. More than 17,000 supporters were invited to participate - the response was highly encouraging and the data garnered extremely useful.

Football in the Community

'The People's Club' is more than just a phrase - it is very much an ethos. With that in mind, the Board of Directors cannot stress enough how much importance is placed on the work of the Football In The Community Charity. Put succinctly, it acts as a vital conduit between the Club and its supporters. And in keeping with the mood of advancement in the Club over the last year it has been a period of dramatic transformation in this area.

The integrity of that link between the Club and the fans has been strengthened by the fact that on the 1st June 2004 Everton Football In The Community began trading as a Charity. It now acts transparently as a separate entity to comply with all Charity Commission regulations. This has proved a resounding success in what has been another busy and productive year. The professionalism and dedication of everybody within Everton Football In The Community is to be commended.

As a result, Everton Football In The Community is now at the forefront of community sporting provision nationally and internationally. The work of the staff has led, for the second successive year, to a 'Big Tick Award' from Business in the Community. This was no surprise to the Board, who have been impressed with the programmes put into operation during the year.

Between January and May of this year no fewer than 4,500 children benefited from expert football coaching as part of the Charity's ongoing scheme to work within schools in the Greater Merseyside area. It was work that also took Everton Football In The Community to 10 schools targeted by Education Action Zones in the St Helens and South Sefton areas, with staff providing support in motivation and personal development.

The Inter Schools Tournament was again very successful, with 32 teams taking part. However, the focus is not just on mainstream schools. IPOR, a school for socially excluded children, has benefited

from coaching courses run by Everton Football In The Community, encouraging primary school age children to focus on activities that will help them develop social and personal skills.

The Charity's social inclusion work has seen 3 main areas of work develop over the year. 'Moving Forward' was a partnership with Weston Spirit enabling young people to develop skills in education, food and nutrition and therefore giving them the tools to equip them for life in general. A partnership with St Helens College enabled 17 young people to gain their Junior Football Organisers Award, which will allow them to further their interest in coaching. That said the impact of the Charity's work is not just being felt on Merseyside.

The Centre of Excellence programme has developed 12 women internationals (England Under-15, Under-17 and Under-19) during this past year and the Club hopes there are more to come, judging by the talent coming through the community programmes. There are now 8 disability teams ranging from Under-16s to open age playing under the Charity's banner and, as always, the popular and very successful 'soccer camps' continue to be held across Merseyside and in Ireland, where over 200 children eagerly took part over the 2 week period this year.

As a Charity, Everton Football In The Community has received funding from a variety of sources although, naturally, Everton Football Club remains the main sponsor. The Football Foundation, Ability Counts, Aim Higher, Learning Skills Council, Coca Cola, Highfield Care, Riverside Housing, Football Aid, FFE & VTS along with many individual supporters and donors have all helped make it a memorable year.

As a Club we shall continue to offer the diligent and highly professional members of Everton Football In The Community Charity every possible assistance as the relationship between the Club and local populous remains absolutely crucial.

Directors' Report

The directors present their report and the audited financial statements of the Group and Company for the year ended 31st May 2005.

Principal Activity

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

Review of Business

The results of the year's trading are shown on page 13 of the financial statements. A review of the Company's business and future developments is set out in the Chairman's Report and Financial Review on pages 5 to 7.

Dividend and Transfers from Reserves

The profit for the year amounted to £23.5m (2004 - loss £15.4m), which has been added into / transferred from reserves. The directors do not recommend the payment of a dividend (2004 - £nil).

Post Balance Sheet Events

A description of the material aspects of these events can be found in note 25 to the accounts.

Directors

The directors in office during the year and their beneficial interests in the share capital of the Company at the end of the financial year, and of the previous financial year, (or date of appointment where later) were as follows:

	Number of Shares	
	31st May 2005	31st May 2004
Sir Philip Carter CBE (resigned 01/06/04)	721	721
W Kenwright CBE	8,754	556
K M Tamlin (resigned 01/06/04)	119	119
A J L Abercromby (resigned 14/07/04)	1,935	105
P R Gregg	3,779	-
J V Woods	6,622	216
T Birch (appointed 01/06/04) (resigned 16/07/04)	-	-
K Wyness (appointed 13/09/04)	-	-
A Gregg (appointed 08/12/04)	4,075	-

W Kenwright CBE, P R Gregg and J V Woods were also directors of True Blue Holdings Limited, a company that held 24,986 shares in Everton Football Club. On 2nd December 2004 True Blue Holdings Limited was voluntarily wound up and its shares in Everton Football Club Company Limited were distributed at par in specie to its members.

In accordance with the Articles of Association, Mr J V Woods retires by rotation and being eligible offers himself for re-election.

Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for the system of internal control, for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Employment Policies

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

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

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

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

Auditors

A resolution to re-appoint Deloitte & Touche LLP as auditors of the Company and to authorise the directors to agree the terms of their remuneration will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 30th September 2005 and signed on its behalf by

M Cheston, Company Secretary



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

We have audited the financial statements of Everton Football Club Company Limited for the year ended 31st May 2005 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the statement of historic cost profits and losses, the balance sheets, the consolidated cash flow statement and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the group is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st May 2005 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool
Date 30th September 2005

Consolidated Profit and Loss Account
for the year ended 31st May 2005

		2005			2004
	Notes	Operations excluding player trading £'000	Player trading £'000	Total £'000	Total £'000
Turnover	1,2	59,953	-	59,953	44,672
Operating expenses	3	(49,567)	(10,380)	(59,947)	(58,673)
Operating Profit / (Loss)	4	10,386	(10,380)	6	(14,001)
Profit on disposal of players' registrations		-	23,364	23,364	1,592
Profit on disposal of tangible fixed assets	11	2,813	-	2,813	-
Profit / (Loss) before interest and taxation		13,199	12,984	26,183	(12,409)
Interest receivable and similar income	5			242	157
Interest payable and similar charges	6			(2,916)	(3,124)
Profit / (Loss) on ordinary activities before taxation				23,509	(15,376)
Tax on Profit / (Loss) on ordinary activities	8			-	-
Profit / (Loss) after taxation for the year transferred to / (from) reserves	20			23,509	(15,376)

All the above amounts derive from continuing operations.

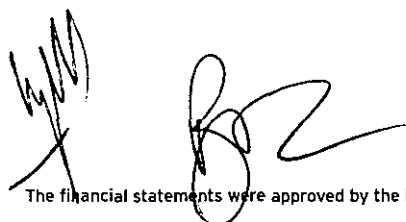
There are no recognised gains and losses for the year ended 31 May 2005 and the prior year other than as stated in the profit and loss account, accordingly no statement of total recognised gains and losses is given.

Historical Cost Profits and Losses
for the year ended 31st May 2005

	2005	2004
	£'000	£'000
Profit / (Loss) on ordinary activities before taxation	23,509	(15,376)
Difference between the historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	240	250
Historical Cost Profit / (Loss) on ordinary activities before taxation	23,749	(15,126)
Historical Cost Profit / (Loss) for the year retained after taxation	23,749	(15,126)

Group Balance Sheet
at 31st May 2005

		2005		2004	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	10		19,775		17,788
Tangible Assets	11		13,129		13,281
Investments	12		-		-
			32,904		31,069
Current Assets					
Stocks	14	795		403	
Debtors	15	5,817		3,641	
Cash at bank and in hand		8,732		3,641	
		15,344		7,685	
Creditors - Amounts falling due within one year	16	(17,195)		(29,873)	
Net Current Liabilities			(1,851)		(22,188)
Total Assets Less Current Liabilities			31,053		8,881
Creditors - Amounts falling due after more than one year	17		(29,054)		(30,336)
Provision for liabilities and charges	18		(1,565)		(1,620)
Net Assets / (Liabilities)			434		(23,075)
Capital and Reserves					
Called up share capital	19		35		35
Share premium account	20		24,968		24,968
Revaluation reserve	20		3,137		3,137
Profit and loss account - deficit	20		(27,706)		(51,215)
Equity shareholders' funds / (deficit)	21		434		(23,075)



The financial statements were approved by the Board on the 30th September 2005 and signed on its behalf by

W Kenwright CBE & K Wyness
Directors

Company Balance Sheet
at 31st May 2005

		2005		2004	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	10		19,775		17,788
Tangible Assets	11		5,043		5,093
Investments	12		-		-
			24,818		22,881
Current Assets					
Stocks	14	795		403	
Debtors	15	5,805		10,916	
Cash at bank and in hand		4,754		1,121	
		11,354		12,440	
Creditors - Amounts falling due within one year	16	(32,393)		(54,934)	
Net Current Liabilities			(21,039)		(42,494)
Total Assets Less Current Liabilities			3,779		(19,613)
Creditors - Amounts falling due after more than one year	17		(244)		(308)
Provision for liabilities and charges	18		(1,565)		(1,620)
Net Assets / (Liabilities)			1,970		(21,541)
Capital and Reserves					
Called up share capital	19		35		35
Share premium account	20		24,968		24,968
Revaluation reserve	20		1,253		1,253
Profit and loss account - deficit	20		(24,286)		(47,797)
Equity shareholders' funds / (deficit)			1,970		(21,541)

The financial statements were approved by the Board on the 30th September 2005 and signed on its behalf by

W Kenwright CBE & K Wyness
Directors

Consolidated Cash Flow Statement
for the year ended 31st May 2005

		2005		2004	
	Notes	£'000	£'000	£'000	£'000
Cash inflow / (outflow) from operating activities	22a		13,304		(1,451)
Returns on investment and servicing of finance					
Interest received		241		157	
Interest paid		(2,935)		(3,105)	
Finance lease interest		(2)		(10)	
Net cash outflow from returns on investments and servicing of finance			(2,696)		(2,958)
Taxation			-		-
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(13,794)		(7,981)	
Purchase of tangible fixed assets		(1,521)		(1,130)	
Proceeds from the disposal of tangible fixed assets		3,100		-	
Proceeds from the disposal of intangible fixed assets		25,468		1,785	
Net cash inflow / (outflow) from capital expenditure and financial investment			13,253		(7,326)
Net cash inflow / (outflow) before financing			23,861		(11,735)
Financing					
Increase in borrowings		-		10,400	
Repayment of factored amounts		(10,400)		-	
Repayment of loans		(3,144)		(2,928)	
Capital element of hire purchase payments		(53)		175	
Net cash (outflow) / inflow from financing			(13,597)		7,647
Increase / (Decrease) in cash	22b		10,264		(4,088)

Notes to the Accounts
for the year ended 31st May 2005

1 ACCOUNTING POLICIES

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

(i) Accounting Convention

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

(ii) Basis of Consolidation

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

(iii) Turnover

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

(iv) Tangible Fixed Assets and Depreciation

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

Depreciation is charged on a straight line basis of three years for Vehicles and five years for Plant and Equipment. The group has taken advantage of the transitional provisions of Financial Reporting Standard 15 'Tangible fixed assets' and retained the book amounts of certain freehold properties which were revalued prior to implementation of that standard. The properties were last revalued at 31 May 1999 and the valuations have not subsequently been updated.

(v) Stocks

Stocks are valued at the lower of cost and net realisable value.

(vi) Grants

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

(vii) a) Current Taxation

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

(vii) b) Deferred Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right

to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(viii) Intangible Fixed Assets - Players' Registrations

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

(ix) Contingent Appearance Fees

Where the directors consider the likelihood of a player meeting future appearance criteria laid down in the transfer agreement of the player to be possible, provision for this cost is made (see note 18). 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 23).

(x) Signing-on Fees and Loyalty Bonuses

Signing-on fees 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 is made, except in the circumstances of a player disposal. In that case any remaining signing-on fees 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 23).

(xi) Investments

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

(xii) Lease rentals

Where the company enters into a lease which entails substantially taking all the risks and rewards of ownership of an asset the lease is treated as a finance lease. Assets acquired under finance leases are capitalised and depreciated over the shorter of their lease term or their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

(xiii) Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Notes to the Accounts
for the year ended 31st May 2005

	2005	2004 Restated
	£'000	£'000
2. TURNOVER		
Gate receipts and programme sales	18,711	15,627
Broadcasting	29,504	20,764
Sponsorship and advertising	4,264	2,584
Merchandising	5,416	3,498
Other commercial activities	2,058	2,199
	59,953	44,672

The 2004 comparatives have been restated to include £369,638 (2005: £383,282) of donations and rent receivable, previously classified within other operating income, now classified within other commercial activities.

	2005	2004
	£'000	£'000
3. OPERATING EXPENSES		
Amortisation of players' registrations (note 10)	10,380	11,343
Staff costs (note 7)	30,840	33,171
Depreciation (note 11)	1,367	2,039
Other operating costs	17,360	12,120
	59,947	58,673

The Group has adopted format 2 of the Companies Act when preparing its Profit & Loss Account. Expenses previously classified as costs of sales or other operating costs are now classified in one single category - operating expenses. This more accurately reflects the operations of the Group, enables easier comparisons of the costs of the business for the user of the financial statements and is the format adopted by the majority of the current FA Premiership clubs. The major components of operating expenses with comparatives are analysed above.

	2005	2004
	£'000	£'000
4. OPERATING PROFIT / (LOSS)		
The Operating Profit / (Loss) is stated after charging:		
Depreciation - Property	791	838
Depreciation - Other	576	1,201
Grants released	98	107
Operating lease rentals		
Motor vehicles	51	100
Office equipment	107	23
Auditors' remuneration		
For audit (including Company of £25,000; 2004: £23,000)	34	32
For other services	257	40

	2005	2004
	£'000	£'000
5. INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank Interest Receivable	242	157

Notes to the Accounts
for the year ended 31st May 2005

6. INTEREST PAYABLE & SIMILAR CHARGES

On bank overdrafts
On finance leases
On other loans

2005	2004
£'000	£'000
200	226
2	10
2,714	2,888
2,916	3,124

Included in interest on other loans is interest of £2,248,828 (2004: £2,286,300) on loans not wholly payable in full within five years.

7. PARTICULARS OF EMPLOYEES

The average weekly number of employees during the year was as follows:

Playing, training and management
Youth Academy
Football in the Community
Marketing and Media
Management and Administration
Maintenance, Security, Pitch and Ground Safety
Catering and Retail

2005	2004
Number	Number
69	74
21	28
12	12
21	23
49	51
27	29
67	52
266	269
627	710
893	979

Aggregate payroll costs for the above employees were as follows:

Wages and salaries
Social security costs
Other pension costs

2005	2004
£'000	£'000
26,717	29,254
3,291	3,367
832	550
30,840	33,171

Directors' Remuneration

The Directors of the Company received the following remuneration:

Emoluments (excluding pension contributions)
Aggregate payments to pension schemes

Highest paid Director's remuneration:-
Emoluments

2005	2004
£'000	£'000
248	-
18	-
177	-

Please see the Directors' Report on page 11 for details of appointments and resignations of Directors.

Notes to the Accounts
for the year ended 31st May 2005

8. TAXATION ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

a) Factors affecting tax (charge) / credit for the current period

The tax assessed for the period is disproportionate to that resulting from applying the standard rate of corporation tax in the UK: 30% (2004 : 30%).

Profit / (Loss) on ordinary activities before tax

Tax on profit / (loss) on ordinary activities at the standard rate

Expenses not deductible for tax purposes

Capital allowances in excess of depreciation

Utilisation of tax losses

Movement in short term timing differences

Roll - over relief for intangible assets

Roll - over relief for tangible assets

Current tax charge for period

2005	2004
£'000	£'000
23,509	(15,376)
(7,053)	4,613
(173)	(277)
53	(221)
-	(4,143)
30	28
6,299	-
844	-
-	-

b) Factors that may affect the future tax charge

A deferred tax asset of £8.4m (2004: £15.6m) has not been recognised. The asset will be recovered when relevant profits are available against which the timing differences concerned will be off set.

9. COMPANY PROFIT AND LOSS ACCOUNT

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not presented its own profit and loss account.

The Company's profit for the year was £23,510,525 (2004: loss of £15,375,591).

10. INTANGIBLE FIXED ASSETS - GROUP AND COMPANY

Cost at 1st June 2004

Additions in year

Disposals in year

At 31st May 2005

Amortisation

At 1st June 2004

Provided during the year

Eliminated on disposals

At 31st May 2005

Net Book Value

At 31st May 2005

At 31st May 2004

Total
£'000
58,039
15,398
(26,906)
46,531
40,251
10,380
(23,875)
26,756
19,775
17,788

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

Notes to the Accounts
for the year ended 31st May 2005

11. TANGIBLE FIXED ASSETS

Group

	Properties	Assets under course of construction	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1st June 2004	15,044	627	4,566	96	20,333
Additions in the year	266	751	454	50	1,521
Disposals in the year	(256)	-	(1,904)	-	(2,160)
At 31st May 2005	15,054	1,378	3,116	146	19,694
Depreciation					
At 1st June 2004	3,308	-	3,700	44	7,052
Provided during the year	791	-	550	26	1,367
On disposals	(21)	-	(1,883)	50	(1,854)
At 31st May 2005	4,078	-	2,367	120	6,565
Net book value					
At 31st May 2005	10,976	1,378	749	26	13,129
At 31st May 2004	11,736	627	866	52	13,281

Company

	Properties	Assets under course of construction	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1st June 2004	3,944	627	4,566	96	9,233
Additions in the year	266	751	454	50	1,521
Disposals in the year	(278)	-	(1,944)	-	(2,222)
At 31st May 2005	3,932	1,378	3,076	146	8,532
Depreciation					
At 1st June 2004	767	-	3,339	34	4,140
Provided during the year	277	-	550	26	853
On disposals	(21)	-	(1,543)	60	(1,504)
At 31st May 2005	1,023	-	2,346	120	3,489
Net book value					
At 31st May 2005	2,909	1,378	730	26	5,043
At 31st May 2004	3,177	627	1,227	62	5,093

Notes to the Accounts
for the year ended 31st May 2005

11. TANGIBLE FIXED ASSETS CONTINUED

A profit of £2,813,000 was realised on the disposal of the Eileen Craven site during the year.

The Club's properties are freehold, with the exception of an immaterial amount of residential properties which are long leasehold. The Club's premises at Goodison Park (including the Megastore), the training grounds at Bellefield and Netherton, the equipment and contents (but not including computer equipment or motor vehicles), together with the residential properties were revalued at £15,207,550 by John Foord & Company as at 31st May 1999.

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

The directors consider that the value of properties as at 31st May 2005, not sold since the year end, is not materially different to the valuation carried out as at 31st May 1999, based on existing use. There have been certain property sales since the year end (explained in more detail in note 25) and in each case the realised value of the properties sold exceeded their respective net book values at the year end. Therefore the Directors do not consider any adjustment needs to be made to the net book value of any properties at the year end.

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:

	2005	2004
	£'000	£'000
Cost	11,093	11,083
Aggregate depreciation	(2,523)	(2,003)
Net book value	8,570	9,080

12. INVESTMENTS

Group

The Group has no fixed asset investments (2004 - none).

Company

	Subsidiary undertakings	Total
	£	£
Cost		
At 1st June 2004 and 31st May 2005	4	4
Net Book Value		
At 1st June 2004 and 31st May 2005	4	4

Details of the principal operating subsidiaries as at 31st May 2005, all registered in England and Wales, were as follows:-

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

Notes to the Accounts
for the year ended 31st May 2005

13. LEASE COMMITMENTS

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

Expiring within one year

Expiring between two and five years

2005	2004
£'000	£'000
83	25
43	146
126	171

14. STOCK

Goods for resale

Maintenance stocks

2005	2004
£'000	£'000
785	393
10	10
795	403

15. DEBTORS

Trade debtors

Amounts owed by subsidiary companies

Other debtors

Prepayments and accrued income

Group		Company	
2005	2004	2005	2004
£'000	£'000	£'000	£'000
4,937	1,247	4,937	1,247
-	-	-	7,287
42	18	30	11
838	2,376	838	2,371
5,817	3,641	5,805	10,916

16. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft (secured)

Other loans (see note 17)

Obligations under hire purchase agreements

Trade creditors

Amounts due to subsidiaries

Social security and other taxes

Other creditors

Accruals and deferred income

Group		Company	
2005	2004	2005	2004
£'000	£'000	£'000	£'000
-	5,173	-	5,173
531	13,514	-	13,021
53	53	53	53
6,516	4,559	6,516	4,559
-	-	19,674	27,667
2,924	1,852	2,589	1,588
285	419	274	86
6,886	4,303	3,287	2,787
17,195	29,873	32,393	54,934

Notes to the Accounts
for the year ended 31st May 2005

**17. CREDITORS - AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

Other loans (see borrowings below)

Obligations under hire purchase agreements

Trade creditors

Accruals and deferred income

Group		Company	
2005	2004	2005	2004
£'000	£'000	£'000	£'000
27,572	28,074	-	-
105	158	105	158
-	-	-	-
1,377	2,104	139	150
29,054	30,336	244	308

BORROWINGS

Group

	Bank overdraft		Other loans		Finance leases		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings								
Payable by instalments:								
Within one year	-	5,173	531	13,546	53	53	584	18,772
Between one and two years	-	-	573	531	52	52	625	583
Between two and five years	-	-	2,000	1,855	54	106	2,054	1,961
After more than five years	-	-	25,600	26,317	-	-	25,600	26,317
Prepaid finance costs	-	-	(601)	(661)	-	-	(601)	(661)
	-	5,173	28,103	41,588	159	211	28,262	46,972

Company

	Bank overdraft		Other loans		Finance leases		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings								
Payable by instalments:								
Within one year	-	5,173	-	13,053	53	53	53	18,279
Between one and two years	-	-	-	-	52	52	52	52
Between two and five years	-	-	-	-	54	106	54	106
Prepaid finance costs	-	-	-	(32)	-	-	-	(32)
	-	5,173	-	13,021	159	211	159	18,405

Notes to the Accounts
for the year ended 31st May 2005

17. BORROWINGS CONTINUED

The bank overdraft is principally secured via legal charges over a number of the Company's properties.

Other loans include £28,703,841 of loan notes (2004: £29,196,736) which are repayable in annual instalments over a 25 year period at a fixed interest rate of 7.79%. The first payment under the agreement was made on 30th September 2002 amounting to £1,588,000 with subsequent annual payments of £2,767,000 (including interest) starting on 30th September 2003.

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

18. PROVISION FOR LIABILITIES AND CHARGES

	Group and Company		
	Pensions (note 24)	Contingent appearance fees (note 1)	Total
	£000	£000	£000
At 1st June 2004	280	1,340	1,620
Utilised in the year	(94)	(697)	(791)
Provided in the year	-	736	736
At 31st May 2005	186	1,379	1,565

There are no amounts provided for deferred tax at 31st May 2005 or 31st May 2004.

19. EQUITY SHARE CAPITAL

	2005	2004
	£'000	£'000
Authorised, allotted, issued and fully paid		
35,000 ordinary shares of £1 each	35	35

Notes to the Accounts
for the year ended 31st May 2005

20. RESERVES

Group

Balance at 1st June 2004

Profit for the year

Balance at 31st May 2005

Share premium account	Revaluation reserve	Profit and loss account
£'000	£'000	£'000
24,968	3,137	(51,215)
-	-	23,509
24,968	3,137	(27,706)

Company

Balance at 1st June 2004

Profit for the year

Balance at 31st May 2005

£'000	£'000	£'000
24,968	1,253	(47,797)
-	-	23,511
24,968	1,253	(24,286)

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS / (DEFICIT)

Group

Profit / (Loss) for the year and net increase /
(reduction) in shareholders' funds

Opening shareholders' deficit

Closing shareholders' funds / (deficit)

2005	2004
£'000	£'000
23,509	(15,376)
(23,075)	(7,699)
434	(23,075)

Notes to the Accounts
for the year ended 31st May 2005

22. CASH FLOW STATEMENT

(a) Reconciliation of operating profit/ (loss) to net cash inflow / (outflow) / from operating activities

	2005	2004
	£000	£000
Profit / (Loss) before interest and tax	26,183	(12,409)
Profit on disposal of players' registrations	(23,364)	(1,592)
Profit on disposal of tangible fixed assets	(2,813)	-
Operating Profit / (Loss)	6	(14,001)
Depreciation charge	1,367	2,039
Release of grants	(98)	(107)
Amortisation of players' registrations	10,380	11,343
(Increase) / Decrease in stocks	(392)	221
(Increase) / Decrease in debtors	(1,101)	2,256
Decrease in provisions	(94)	(94)
Increase / (Decrease) in creditors	3,236	(3,108)
Net cash inflow / (outflow) from operating activities	13,304	(1,451)

22. CASH FLOW STATEMENT

(b) Analysis of changes in net debt

	At 1st June 2004	Cash flows	Non cash movements	At 31st May 2005
	£'000	£'000	£'000	£'000
Cash at bank and in hand	3,641	5,091	-	8,732
Overdraft	(5,173)	5,173	-	-
	(1,532)	10,264	-	8,732
Debt due within one year	(13,514)	12,983	-	(531)
Debt due after one year	(28,074)	562	(60)	(27,572)
Hire Purchase agreements	(211)	53	-	(158)
	(43,331)	23,862	(60)	(19,529)

Notes to the Accounts
for the year ended 31st May 2005

22. CASH FLOW STATEMENT CONTINUED

(c) Reconciliation of movements in Net Debt

	2005	2004
	£'000	£'000
Increase / (Decrease) in cash in the period	10,264	(4,088)
Cash outflow / (Inflow) from decrease / Increase in net debt	13,545	(7,472)
Cash outflow / (Inflow) from decrease / Increase in hire purchase financing	53	(175)
Change in net debt resulting from cash flows in the year	23,862	(11,735)
Non cash movements	(60)	(115)
Net Debt as at 1st June	(43,331)	(31,481)
Net Debt as at 31st May	(19,529)	(43,331)

23. CONTINGENT LIABILITIES

No provision is included in the accounts for transfer fees of £787,500 (2004: £2,039,000) which are, as at 31st May 2005, contingent upon future appearances of certain players; or signing-on fees and loyalty bonuses, as at 31st May 2005, of £1,397,500 (2004: £1,355,775) which would become due to certain players if they are still in the service of the Club on specific future dates.

24. PENSIONS

Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. As the Group is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. At 1st April 2003 a further MFR deficit was identified in the scheme, which increased the outstanding deficit allocated to the Group by £189,000 resulting in an increase in contributions advised by the Actuary. The additional deficit was provided in the year ended 31st May 2003.

Contributions are also paid into individuals private pension schemes. Total contributions across all schemes during the year amounted to £831,976 (2004: £580,000)

25. POST BALANCE SHEET EVENTS

Since 31st May 2005, the Club has entered into transfer agreements for confirmed contracted net transfer fees payable of £15,682,590. The Club has also sold certain properties since 31st May 2005, for sales proceeds of £3,000,000 before the deduction of minor legal and professional costs.

26. FRS 8-RELATED PARTY TRANSACTIONS

Related parties - Houston Securities is a company controlled by the Gregg family. Mrs A Gregg is a director of the company. During the year £71,381 (2004: £nil) was paid to Houston Securities by Everton Football Club in relation to property transactions.

Everton Football In The Community Limited is a registered Charity (Number 1099366) incorporated on 31st July 2003 and began trading on 1st June 2004. The Charity operates separately from the Group hence has not been consolidated in the Group results, but as at 31st May 2005 Everton Football Club Company Limited employees held three of the seven Trustee positions at the Charity. During the year Everton Football Club Company Limited incurred net operating costs of £137,096 on behalf of the Charity.

27. ULTIMATE PARENT UNDERTAKINGS

The ultimate parent undertaking of the Company until 2nd December 2004 was True Blue (Holdings) Limited, a company incorporated in England. On 2nd December 2004 True Blue (Holdings) Limited was voluntarily wound up and its shares in Everton Football Club Company Limited were distributed at par in specie to its members. The current shareholders are set out in the Directors' report. Copies of True Blue (Holdings) Limited accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

28. CAPITAL COMMITMENTS

Contracted but not provided for

2005	2004
£'000	£'000
1,242	-

First Team Results
Season 2004 - 2005

DATE	OPPONENT	V	RES	ATTENDANCE	PTS	POS
15/08/04	ARSENAL	HOME	1-4	35,521	-	-
21/08/04	CRYSTAL PALACE	AWAY	3-1	23,666	3	8
28/08/04	WEST BROMWICH ALBION	HOME	2-1	34,510	6	7
30/08/04	MANCHESTER UNITED	AWAY	0-0	67,803	7	7
11/09/04	MANCHESTER CITY	AWAY	1-0	47,006	10	5
19/09/04	MIDDLESBROUGH	HOME	1-0	34,078	13	3
22/09/04	BRISTOL CITY (CC2)	AWAY	2-2	15,264	WON 4-3 PENS	
26/09/04	PORTSMOUTH	AWAY	1-0	20,125	16	3
02/10/04	TOTTENHAM HOTSPUR	HOME	0-1	38,264	16	3
16/10/04	SOUTHAMPTON	HOME	1-0	35,256	19	3
23/10/04	NORWICH CITY	AWAY	3-2	23,871	22	3
27/10/04	PRESTON NORTH END (CC3)	HOME	2-0	33,922	-	-
30/10/04	ASTON VILLA	HOME	1-1	37,816	23	3
06/11/04	CHELSEA	AWAY	0-1	41,965	23	3
09/11/04	ARSENAL (CC4)	AWAY	1-3	27,791	-	-
13/11/04	BIRMINGHAM CITY	AWAY	1-0	28,388	26	3
20/11/04	FULHAM	HOME	1-0	34,763	29	3
28/11/04	NEWCASTLE UNITED	AWAY	1-1	51,247	30	3
04/12/04	BOLTON WANDERERS	HOME	3-2	35,929	33	3
11/12/04	LIVERPOOL	HOME	1-0	40,552	36	2
18/12/04	BLACKBURN ROVERS	AWAY	0-0	25,191	37	3
26/12/04	MANCHESTER CITY	HOME	2-1	40,530	40	3
28/12/04	CHARLTON ATHLETIC	AWAY	0-2	27,001	40	4
01/01/05	TOTTENHAM HOTSPUR	AWAY	2-5	36,102	40	4
04/01/05	PORTSMOUTH	HOME	2-1	35,480	43	4
08/01/05	PLYMOUTH ARGYLE (FAC3)	AWAY	3-1	20,112	-	-
16/01/05	MIDDLESBROUGH	AWAY	1-1	31,794	44	4
22/01/05	CHARLTON ATHLETIC	HOME	0-1	36,041	44	4
29/01/05	SUNDERLAND (FAC4)	HOME	3-0	33,186	-	-
02/02/05	NORWICH CITY	HOME	1-0	37,486	47	4
06/02/05	SOUTHAMPTON	AWAY	2-2	31,509	48	4
12/02/05	CHELSEA	HOME	0-1	40,270	48	4
19/02/05	MANCHESTER UNITED (FAC5)	HOME	0-2	38,664	-	-
26/02/05	ASTON VILLA	AWAY	3-1	40,248	51	4
06/03/05	BLACKBURN ROVERS	HOME	0-1	32,406	51	4
20/03/05	LIVERPOOL	AWAY	1-2	44,224	51	4
03/04/05	WEST BROMWICH ALBION	AWAY	0-1	26,805	51	4
10/04/05	CRYSTAL PALACE	HOME	4-0	36,519	54	4
20/04/05	MANCHESTER UNITED	HOME	1-0	37,160	57	4
23/04/05	BIRMINGHAM CITY	HOME	1-1	36,828	58	4
30/04/05	FULHAM	AWAY	0-2	21,881	58	4
07/05/05	NEWCASTLE UNITED	HOME	2-0	40,438	61	4
11/05/05	ARSENAL	AWAY	0-7	38,073	61	4
15/05/05	BOLTON WANDERERS	AWAY	2-3	27,701	61	4

FAC = FA CUP

CC = CARLING CUP

Barclays Premiership
Final League Placings 2004 - 2005

	HOME					AWAY					GL DIFF	PTS
	P	W	D	L	F	A	W	D	L	F		
CHELSEA	38	14	5	0	35	6	15	3	1	37	9	95
ARSENAL	38	13	5	1	54	19	12	3	4	33	17	83
MANCHESTER U	38	12	6	1	31	12	10	5	4	27	14	77
EVERTON	38	12	2	5	24	15	6	5	8	21	31	61
LIVERPOOL	38	12	4	3	31	15	5	3	11	21	26	58
BOLTON	38	9	5	5	25	18	7	5	7	24	26	58
MIDDLESBROUGH	38	9	6	4	29	19	5	7	7	24	27	55
MANCHESTER C	38	8	6	5	24	14	5	7	7	23	25	52
TOTTENHAM	38	9	5	5	36	22	5	5	9	11	19	52
ASTON VILLA	38	8	6	5	26	17	4	5	10	19	35	47
CHARLTON	38	8	4	7	29	29	4	6	9	13	29	46
BIRMINGHAM	38	8	6	5	24	15	3	6	10	16	31	45
FULHAM	38	8	4	7	29	26	4	4	11	23	34	44
NEWCASTLE	38	7	7	5	25	25	3	7	9	22	32	44
BLACKBURN	38	5	8	6	21	22	4	7	8	11	21	42
PORTSMOUTH	38	8	4	7	30	26	2	5	12	13	33	39
W.B.A.	38	5	8	6	17	24	1	8	10	19	37	34
CRYSTAL PALACE	38	6	5	8	21	19	1	7	11	20	43	33
NORWICH	38	7	5	7	29	32	0	7	12	13	45	33
SOUTHAMPTON	38	5	9	5	30	30	1	5	13	15	36	32

Fixtures 2005 - 2006

TUE AUG 9	VILLARREAL (CL OUAL)	H	MON JAN 2	CHARLTON ATHLETIC	H
SAT AUG 13	MANCHESTER UNITED	H	SAT JAN 7	F.A. CUP 3	
SUN AUG 21	BOLTON WANDERERS	A	WED JAN 11	CARLING CUP SEMI-FINAL (1)	
WED AUG 24	VILLARREAL (CL OUAL)	A	SAT JAN 14	PORTSMOUTH	A
SAT AUG 27	FULHAM	A	SAT JAN 21	ARSENAL	H
SAT SEP 10	PORTSMOUTH	H	WED JAN 25	CARLING CUP SEMI-FINAL (2)	
THU SEP 15	DINAMO BUCHAREST (UEFA 1ST ROUND)	A	SAT JAN 28	F.A. CUP 4	
MON SEP 19	ARSENAL	A	TUE JAN 31	WIGAN ATHLETIC	A
SAT SEP 24	WIGAN ATHLETIC	H	SAT FEB 4	MANCHESTER CITY	H
THU SEP 29	DINAMO BUCHAREST (UEFA 1ST ROUND)	H	SAT FEB 11	BLACKBURN ROVERS	H
SUN OCT 2	MANCHESTER CITY	A	SAT FEB 18	F.A. CUP 5	
SAT OCT 15	TOTTENHAM HOTSPUR	A	SAT FEB 25	NEWCASTLE UNITED	A
SUN OCT 23	CHELSEA	H	SUN FEB 26	CARLING CUP FINAL	
WED OCT 26	MIDDLESBROUGH (CARLING CUP 3)	H	SAT MAR 4	WEST HAM UNITED	A
SAT OCT 29	BIRMINGHAM CITY	A	SAT MAR 11	FULHAM	H
SUN NOV 6	MIDDLESBROUGH	H	SAT MAR 18	ASTON VILLA	H
SAT NOV 19	WEST BROMWICH ALBION	A	WED MAR 22	F.A. CUP 6	
SUN NOV 27	NEWCASTLE UNITED	H	SAT MAR 25	LIVERPOOL	A
WED NOV 30	CARLING CUP 4		SAT APR 1	SUNDERLAND	H
SAT DEC 3	BLACKBURN ROVERS	A	SAT APR 8	CHARLTON ATHLETIC	A
SUN DEC 11	MANCHESTER UNITED	A	SAT APR 15	TOTTENHAM HOTSPUR	H
WED DEC 14	WEST HAM UNITED	H	MON APR 17	CHELSEA	A
SAT DEC 17	BOLTON WANDERERS	H	SAT APR 22	BIRMINGHAM CITY	H
WED DEC 21	CARLING CUP 5		SAT APR 22	F.A. CUP SEMI-FINAL	
MON DEC 26	ASTON VILLA	A	SAT APR 29	MIDDLESBROUGH	A
WED DEC 28	LIVERPOOL	H	SUN MAY 7	WEST BROMWICH ALBION	H
SAT DEC 31	SUNDERLAND	A	SAT MAY 13	F.A. CUP FINAL	

HONOURS LIST

FIRST DIVISION CHAMPIONS

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

RUNNERS-UP

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

SECOND DIVISION CHAMPIONS

1930/31

RUNNERS-UP

1953/54

FA CUP WINNERS

1906, 1933, 1966, 1984, 1995

RUNNERS-UP

1893, 1897, 1907, 1968, 1985, 1986, 1989

FOOTBALL LEAGUE CUP RUNNERS-UP

1976/77, 1983/84

FA CHARITY SHIELD WINNERS

1928, 1932, 1963, 1970, 1984, 1985,
1987, 1995, shared:1986

EUROPEAN CUP-WINNERS' CUP WINNERS

1984/85

FA YOUTH CUP WINNERS

1964/65, 1983/84, 1997/98

RUNNERS-UP

1960/61, 1976/77, 1982/83, 2001/02

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



Everton

The People's Club
evertonfc.com

The Registrar of Companies
Companies House
Crown way
Cardiff
CF 14 3UZ

18 November 2005

Dear Sirs

The Everton Football Club Company Limited Reg No 36624

In accordance with statutory requirements I enclose the Annual Report and Accounts of the above Company for the financial year ended 31 May 2005.

Yours faithfully



Mike Flynn
Deputy Head of Finance