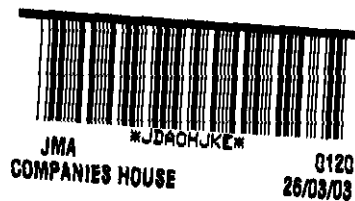


COMPANY REGISTRATION NUMBER: 36624

**THE EVERTON FOOTBALL CLUB  
COMPANY LIMITED  
ANNUAL REPORT AND  
STATEMENT OF ACCOUNTS 2002**



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## **DIRECTORS' REPORT**

The directors present their report and the financial statements of the Group and Company for the year ended 31<sup>st</sup> May 2002.

### ***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 7 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.

### ***Dividend and Transfers from Reserves***

The profit for the year amounted to £ 1.6m (2001 loss - £ 3.7m) which has been transferred to/(withdrawn from) reserves.

The directors do not recommend the payment of a dividend (2001 – nil).

### ***Post Balance Sheet Events***

A full description of these events can be found in note 26 to the accounts.

### ***Directors***

The directors in office in 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 2002	31st May 2001
Sir Philip Carter CBE	721	721
W Kenwright CBE	556	556
KM Tamlin	119	119
AJL Abercromby	105	105
P R Gregg	0	0
J V Woods	216	216

W Kenwright CBE, P R Gregg, J V Woods and A J L Abercromby are also directors of True Blue Holdings Limited, a company which holds 24,986 shares in Everton Football Club. Details of the directors' individual shareholdings in True Blue Holdings Limited can be found in their accounts.

In accordance with the Articles of Association, Mr AJL Abercromby and Mr JV Woods retire by rotation and being eligible offer themselves 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 of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

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

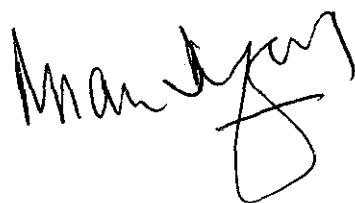
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### ***Auditors***

A resolution to reappoint Deloitte & Touche 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 26<sup>th</sup> September 2002 and signed on its behalf by

**MJ Dunford**, Company Secretary

A handwritten signature in black ink, appearing to read 'MJ Dunford', with a stylized flourish at the end.

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

**We have audited the financial statements of Everton Football Club Company Limited for the year ended 31<sup>st</sup> May 2002 which comprises the consolidated profit and loss account, the consolidated Group and Company balance sheets, the Group cashflow statement, the statement of total recognised gains and losses and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.**

## **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 Opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

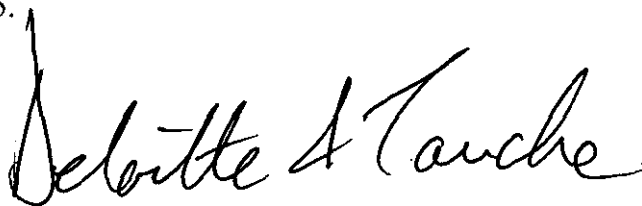
# REPORT OF THE AUDITORS TO THE MEMBERS OF THE EVERTON FOOTBALL CLUB COMPANY LIMITED

opinion we also evaluated the overall adequacy of the presentation of information the financial statements.

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31<sup>st</sup> May 2002 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  
Chartered Accountants  
Registered Auditors  
Liverpool

A large, stylized handwritten signature in black ink, appearing to read 'Deloitte & Touche', is written over the printed name of the firm.

26<sup>th</sup> September 2002

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 31st May 2002

		2002		2001	
	Notes	Operations excluding player/team management trading and exceptional items  £000	Player/team management trading and exceptional items  £000	Total  £000	Total  £000
<b>Turnover</b>	1,2	38,231	-	38,231	32,852
Cost of sales	3	(29,009)	(11,120)	(40,129)	(37,846)
<b>Gross Profit/(Loss)</b>		<u>9,222</u>	<u>(11,120)</u>	<u>(1,898)</u>	<u>(4,994)</u>
Other income	4	209	-	209	215
Other operating costs	5	(8,123)	(500)	(8,623)	(8,012)
<b>Operating Profit/(Loss)</b>	6	<u>1,308</u>	<u>(11,620)</u>	<u>(10,312)</u>	<u>(12,791)</u>
Profit on disposal of players' registrations		-	13,979	13,979	10,742
<b>Profit/(Loss) before interest and taxation</b>		<u>1,308</u>	<u>2,359</u>	<u>3,667</u>	<u>(2,049)</u>
Interest receivable	7			76	-
Interest payable	8			(2,188)	(1,604)
<b>Profit/(Loss) on ordinary activities before taxation</b>				<u>1,555</u>	<u>(3,653)</u>
Taxation	10			-	-
<b>Profit/(Loss) transferred from reserves for the year after taxation</b>	22			<u>1,555</u>	<u>(3,653)</u>

All the above amounts relate to continuing operations.

There are no recognised gains and losses for the year ended 31 May 2002 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**

	2002	2001
	£000	£000
Profit/(Loss) on ordinary activities before taxation	1,555	(3,653)
Difference between the historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	<u>280</u>	<u>297</u>
Historical cost profit/(loss) on ordinary activities before taxation	1,835	(3,356)

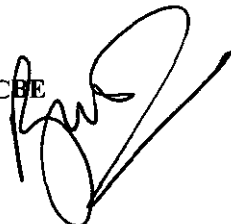


**GROUP BALANCE SHEET**  
**At 31st May 2002**

		2002		2001	
	Notes	£000	£000	£000	£000
<b>Fixed Assets</b>					
Intangible Assets	12		26,847		25,113
Tangible Assets	13		<u>14,843</u>		<u>14,359</u>
			41,690		39,472
<b>Current Assets</b>					
Stocks	16	282		326	
Debtors	17	4,335		7,586	
Cash at bank and in hand		<u>8,949</u>		<u>35</u>	
		13,566		7,947	
<b>Creditors</b>					
Amounts falling due within one year	18	<u>(12,025)</u>		<u>(29,502)</u>	
<b>Net Current Assets/(Liabilities)</b>			<u>1,541</u>		<u>(21,555)</u>
<b>Total Assets Less Current Assets/(Liabilities)</b>			<u>43,231</u>		<u>17,917</u>
<b>Creditors</b>					
Amounts falling due after more than one year	19		(36,329)		(11,737)
Provision for liabilities and charges	20		(1,621)		(2,454)
<b>Net Assets</b>			<u><u>5,281</u></u>		<u><u>3,726</u></u>
<b>Capital and Reserves</b>					
Called up share capital	21		35		35
Share premium account	22		24,968		24,968
Revaluation reserve	22		3,137		3,137
Profit and loss account - deficit	22		(22,859)		(24,414)
Equity shareholders' funds	23		<u><u>5,281</u></u>		<u><u>3,726</u></u>

The financial statements were approved by the Board on 26th September 2002 and signed on its behalf by

  
Sir Philip Carter CBE & W Kenwright CBE  
Directors



**COMPANY BALANCE SHEET**  
**At 31st May 2002**

		2002		2001	
	Notes	£000	£000	£000	£000
<b>Fixed Assets</b>					
Intangible Assets	12		26,847		25,113
Tangible Assets	13		<u>5,184</u>		<u>14,359</u>
			32,031		39,472
<b>Current Assets</b>					
Stocks	16	282		326	
Debtors	17	5,044		7,586	
Cash at bank and in hand		<u>8,155</u>		<u>35</u>	
		13,481		7,947	
<b>Creditors</b>					
Amounts falling due within one year	18	<u>29,620</u>		<u>(29,502)</u>	
<b>Net Current Liabilities</b>			43,101		(21,555)
<b>Total Assets Less Current Liabilities</b>			<u>75,132</u>		<u>17,917</u>
<b>Creditors</b>					
Amounts falling due after more than one year	19		(7,362)		(11,737)
Provision for liabilities and charges	20		(1,621)		(2,454)
<b>Net Assets</b>			<u>66,149</u>		<u>3,726</u>
<b>Capital and Reserves</b>					
Called up share capital	21		35		35
Share premium account	22		24,968		24,968
Revaluation reserve	22		1,253		3,137
Profit and loss account - deficit	22		(19,347)		(24,414)
<b>Equity shareholders' funds</b>			<u>6,909</u>		<u>3,726</u>

The financial statements were approved by the Board on 26th September 2002 and signed on its behalf by

  
  
Sir Philip Carter CBE & W Kenwright CBE  
Directors

# **CONSOLIDATED CASHFLOW STATEMENT**

**For the year ended 31st May 2002**

		2002		2001	
	Notes	£000	£000	£000	£000
<b>Cash outflow from operating activities</b>	24a		(2,286)		(1,236)
<b>Returns on investment and servicing of finance</b>					
Interest received		76		-	
Interest paid		(1,673)		(1,689)	
Finance lease interest		<u>(3)</u>		<u>(3)</u>	
Net cash outflow from returns on investments and servicing of finance			(1,600)		(1,692)
Taxation			-		-
<b>Capital expenditure and financial investment</b>					
Purchase of intangible fixed assets		(11,216)		(20,928)	
Purchase of tangible fixed assets		(1,262)		(616)	
Proceeds from the disposal of tangible fixed assets		25		10	
Proceeds from the disposal of intangible fixed assets		<u>18,387</u>		<u>10,010</u>	
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>			<u>5,934</u>		<u>(11,524)</u>
Net cash inflow/(outflow) before financing			2,048		(14,452)
<b>Financing</b>					
Increase in borrowings		29,313		27,020	
Repayment of factored amounts		(11,893)		-	
Repayment of loans		(1,824)		(6,153)	
Capital element of hire purchase payments		<u>34</u>		<u>(5)</u>	
Net cash inflow from financing			15,630		20,862
<b>Increase in cash</b>	24b		<u>17,678</u>		<u>6,410</u>

**NOTES TO THE ACCOUNTS**  
**For year ended 31st May 2002**

**1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below:

**(i) Accounting Convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold properties and plant & equipment.

**(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 has been provided on assets in the course of construction.

Depreciation on other fixed assets has been calculated at 25% on net book value on a reducing balance basis.

**(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) 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**

The cost of players' registrations and related costs are 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 his transfer agreement to be probable, provision for this cost is made (see note 20). If the likelihood of meeting these criteria is not probable, then no provision is made (see note 25).

**(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 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 25).

**(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.

2	<b>TURNOVER</b>	2002	2001
		£000	£000
	Gate receipts and programme sales	13,390	12,969
	Broadcasting	18,885	12,856
	Sponsorship and advertising	2,945	3,542
	Merchandising	1,884	2,152
	Other commercial activities	1,127	1,333
		<u>38,231</u>	<u>32,852</u>
	The 2001 turnover has been reclassified in order to provide more detailed disclosure.		
3	<b>COST OF SALES</b>	2002	2001
		Operations excluding player/team management trading and exceptional items £000	Player/team management trading and exceptional items £000
		Total	£000
		£000	£000
	Professional costs	23,457	-
	Other costs	3,752	-
	Merchandising	1,800	-
	Team Management Compensation	-	2,207
	Amortisation of players' registrations (note 12)	-	8,913
		<u>29,009</u>	<u>11,120</u>
		<u>40,129</u>	<u>37,846</u>
4	<b>OTHER INCOME</b>	2002	2001
		£000	£000
	Donations from development associations	207	213
	Rents receivable	2	2
		<u>209</u>	<u>215</u>
5	<b>OTHER OPERATING COSTS</b>	2002	2001
		£000	£000
	Other operating costs included the following exceptional costs/ (credits) relating to the company:		
	Provision for doubtful Debts	500	-
	Pension release for obligations arising from the deficit in the Football League Limited Pension and Life Assurance Scheme (see note 9)		
		-	(392)
		<u>500</u>	<u>(392)</u>
6	<b>OPERATING PROFIT/LOSS</b>	2002	2001
		£000	£000
	The operating profit/loss is stated after charging:		
	Depreciation - Property	521	638
	Depreciation - Other	541	576
	Loss on disposal of fixed assets	51	12
	<b>Operating lease rentals</b>		
	Motor vehicles	102	92
	Office Equipment	13	16
	<b>Auditors' remuneration</b>		
	For audit	27	20
	For other services	61	186
7	<b>INTEREST RECEIVABLE</b>	2002	2001
		£000	£000
	Bank Interest Receivable	76	-

8	<b>INTEREST PAYABLE</b>	2002 £000	2001 £000
	On bank overdrafts	328	973
	On finance leases	3	4
	On other loans	1,857	627
		<u>2,188</u>	<u>1,604</u>

9	<b>PARTICULARS OF EMPLOYEES</b>	2002 Number	2001 Number
---	---------------------------------	----------------	----------------

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

Playing, training and management	60	67
Youth Academy	22	20
Football in the Community	10	9
Marketing and Media	24	19
Management and Administration	41	39
Maintenance, Security, Pitch and Ground Safety	24	22
Catering and Retail	35	38
	<u>216</u>	<u>214</u>
Part-Time employees on matchdays	759	749
	<u>975</u>	<u>963</u>

Aggregate payroll costs were as follows:

	2002 £000	2001 £000
Wages and salaries	26,109	23,131
Social security costs	2,640	2,536
Other pension costs	498	667
	<u>29,247</u>	<u>26,334</u>

Wages and salaries for the year include compensation of £2,162,000 paid as a result of the termination of Team Management contracts (2001- nil).

Other pension costs comprise contributions made by the Group in respect of the majority of its permanent employees to pension schemes which are independently administered by the Football League Limited, together with contributions made to individual pension contracts with insurance companies under agreements with certain employees. With the exception of the Football League Pension and Life Assurance Scheme (see below), all pension arrangements are defined contribution schemes. Contributions are charged to the profit and loss account in the year to which they relate.

The Football League Pension and Life Assurance Scheme has developed a significant deficit. Under the terms of the Pensions Act 1995 where a final salary pension scheme winds up with a deficit, the deficit becomes a statutory unsecured debt payable to the scheme by participating employers. Briefly, this means that every club that has paid contributions to the scheme will have to make a contribution towards the statutory debt arising.

An estimate of the Group's contribution to make good the deficit was provided and charged to the profit and loss account in the year ended 31 May 2000. Confirmation of the amount of the Group's contribution as at 31 May 2001 was received, and repayments have been made during the year in accordance with the agreed repayment schedule over seven years.

The directors received no emoluments from the Group during the year (2001 - nil).

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**TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

Factors affecting tax charge for the current period

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 30% (2001 : 30%).

The differences are explained below:

	2002	2001
Profit/(loss) on ordinary activities before tax	<u>1,555</u>	<u>(3,652)</u>
Tax on profit/(loss) on ordinary activities at the standard rate	(467)	1,096
Expenses not deductible for tax purposes	(335)	(1,044)
Capital allowances in excess of depreciation	46	(2)
Utilisation of tax losses	729	(181)
Movement in short term timing differences	25	131
Creation of capital losses	2	-
Current tax charge for period	-	-

11

**PROFIT FOR THE YEAR**

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/(loss) for the year and the previous year were £3,183,000 (2001 loss - £3,653,000).

12

**INTANGIBLE FIXED ASSETS - GROUP AND COMPANY**

	Total £000
Cost at 1st June 2001	39,216
Additions in year	11,652
Disposals in year	<u>(4,018)</u>
At 31st May 2002	<u>46,850</u>
Amortisation	
At 1st June 2001	14,103
Provided during the year	8,913
Eliminated on disposals	<u>(3,013)</u>
At 31st May 2002	<u>20,003</u>
Net Book Value	
At 31st May 2002	<u>26,847</u>
At 31st May 2001	<u>25,113</u>



## TANGIBLE FIXED ASSETS

Group	Properties £000	Assets under course of construction £000	Plant and equipment £000	Vehicles £000	Total £000
Cost or valuation at 1st June 2001	14,180	-	2,917	74	17,171
Additions in the year	-	522	685	55	1,262
Transferred from prepayments	-	360	-	-	360
Disposals in the year	(20)	-	-	(97)	(117)
At 31st May 2002	14,160	882	3,602	32	18,676
Depreciation					
At 1st June 2001	1,272	-	1,492	48	2,812
Provided during the year	521	-	527	14	1,062
On disposals	(1)	-	-	(40)	(41)
At 31st May 2002	1,792	-	2,019	22	3,833
Net book value					
At 31st May 2002	12,368	882	1,583	10	14,843
At 31st May 2001	12,908	-	1,425	26	14,359

Company	Properties £000	Assets under course of construction £000	Plant and equipment £000	Vehicles £000	Total £000
Cost or valuation at 1st June 2001	14,180	-	2,917	74	17,171
Additions in the year	-	522	685	55	1,262
Transferred from prepayments	-	360	-	-	360
Disposals in the year	(20)	-	-	(97)	(117)
Transferred to Group Companies	(11,100)	-	-	-	(11,100)
At 31st May 2002	3,060	882	3,602	32	7,576
Depreciation					
At 1st June 2001	1,272	-	1,492	48	2,812
Provided during the year	440	-	527	14	981
On disposals	(1)	-	-	(40)	(41)
Transferred to Group Companies	(1,360)	-	-	-	(1,360)
At 31st May 2002	351	-	2,019	22	2,392
Net book value					
At 31st May 2002	2,709	882	1,583	10	5,184
At 31st May 2001	12,908	-	1,425	26	14,359

The assets under course of construction consist of professional fees and other costs incurred, directly attributable to the continued development of plans for the construction of a new stadium for the Club, currently intended to be located at the King's Dock. The fees and costs have been incurred in the current and prior years, the prior year's fees previously included within prepayments. In the directors' opinion it is appropriate to reclassify the fees within fixed assets due to the advancements made in the King's Dock project during the year. The directors are currently pursuing a number of financing options to secure the Group's required contribution to the costs of construction of the new stadium, and are confident of the Group's ability to deliver the required finance.

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 31 May 2002 is not materially different to the valuation carried out as at 31 May 1999.

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:

	2002 £000	2001 £000
Cost	10,199	10,199
Aggregate depreciation	(1,490)	(1,090)
Net book value	8,709	9,109

## 14 INVESTMENTS

### Group

The Group has no fixed asset investments (2001 - none).

Company	Subsidiary Undertakings £	Total £
<b>Cost</b>		
At 1 June 2001	-	-
Additions	4	4
At 31 May 2002	<u>4</u>	<u>4</u>
<b>Net Book Value</b>		
At 31 May 2002	<u>4</u>	<u>4</u>
At 31 May 2001	<u>-</u>	<u>-</u>

Details of the principal operating subsidiaries as at 31 May 2002, 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

## 15 LEASE COMMITMENTS

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

	2002 £000	2001 £000
Expiring within one year	8	16
Expiring between two and five years	<u>14</u>	<u>93</u>
	<u>22</u>	<u>109</u>

## 16 STOCKS

	2002 £000	2001 £000
Refreshments, souvenirs and goods for resale	272	316
Maintenance stocks	<u>10</u>	<u>10</u>
	<u>282</u>	<u>326</u>

## 17 DEBTORS

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Trade debtors - within one year	2,955	6,345	2,955	6,345
Amounts owed by subsidiary companies	-	-	709	-
Other debtors	289	433	289	433
Prepayments and accrued income	<u>1,091</u>	<u>808</u>	<u>1,091</u>	<u>808</u>
	<u>4,335</u>	<u>7,586</u>	<u>5,044</u>	<u>7,586</u>

## 18 CREDITORS

### Amounts falling due within one year

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Bank loans and overdrafts (secured)	-	18,540	-	18,540
Other loans	2,630	2,452	2,283	2,452
Obligations under hire purchase agreements	17	4	17	4
Trade creditors	5,572	5,203	5,572	5,203
Amounts due to subsidiaries	-	-	18,356	-
Social security and other taxes	1,182	1,426	1,182	1,426
Other creditors	867	1,110	867	1,110
Accruals and deferred income	<u>1,757</u>	<u>767</u>	<u>1,343</u>	<u>767</u>
	<u>12,025</u>	<u>29,502</u>	<u>29,620</u>	<u>29,502</u>

## 19. CREDITORS

Amounts falling due after more than one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
	£000	£000	£000	£000
Bank loans (secured)	-	2,117	-	2,117
Other loans	33,834	6,523	4,867	6,523
Obligations under hire purchase agreements	28	7	28	7
Trade creditors	144	723	144	723
Accruals and deferred income	2,323	2,367	2,323	2,367
	<u>36,329</u>	<u>11,737</u>	<u>7,362</u>	<u>11,737</u>

Group	Bank loans and overdrafts		Other loans		Finance leases		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
	£000	£000	£000	£000	£000	£000	£000	£000
Analysis of borrowings								
Payable by instalments								
Within one year	-	18,540	2,629	2,452	17	4	2,646	20,996
Between one and two years	-	1,092	2,926	2,381	28	5	2,954	3,478
Between two and five years	-	1,025	4,251	4,605	-	2	4,251	5,632
After more than five years	-	-	27,600	-	-	-	27,600	-
Prepaid finance costs	-	-	(942)	(463)	-	-	(942)	(463)
	<u>-</u>	<u>20,657</u>	<u>36,464</u>	<u>8,975</u>	<u>45</u>	<u>11</u>	<u>36,509</u>	<u>29,643</u>

Company	Bank loans and overdrafts		Other loans		Finance leases		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
	£000	£000	£000	£000	£000	£000	£000	£000
Analysis of borrowings								
Payable by instalments								
Within one year	-	18,540	2,283	2,452	17	4	2,300	20,996
Between one and two years	-	1,092	2,469	2,381	28	5	2,497	3,478
Between two and five years	-	1,025	2,653	4,605	-	2	2,653	5,632
After more than five years	-	-	-	-	-	-	-	-
Prepaid finance costs	-	-	(255)	(463)	-	-	(255)	(463)
	<u>-</u>	<u>20,657</u>	<u>7,150</u>	<u>8,975</u>	<u>45</u>	<u>11</u>	<u>7,195</u>	<u>29,643</u>

Other loans include £30,000,000 of loan notes (2001 - nil) 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 is due on 30 September 2002 amounting to £1,588,000. 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.

## 20. PROVISION FOR LIABILITIES AND CHARGES

	Pensions	Group and Company Contingent appearance fees (note 1)	Total
	£000	£000	£000
At 1st June 2001	358	2,096	2,454
Additions	-	683	683
Disposals	-	(131)	(131)
Released in the year	(85)	(1,300)	(1,385)
At 31st May 2002	<u>273</u>	<u>1,348</u>	<u>1,621</u>

There are no amounts provided for deferred tax at 31 May 2002 or 31 May 2001. The deferred tax asset not provided in the accounts calculated at a tax rate of 30% (2001-30%), is set out below:

	Group		Company	
	Not Provided	Not Provided	Not Provided	Not Provided
	2002	2001	2002	2001
	£000	£000	£000	£000
Capital allowances in advance of depreciation	(146)	(88)	(146)	(88)
Other short term timing differences	(7,712)	(8,479)	(7,712)	(8,479)
	<u>(7,858)</u>	<u>(8,567)</u>	<u>(7,858)</u>	<u>(8,567)</u>

Included within short term timing differences is a deferred tax asset relating to cumulative trading losses of approximately £25.3m (2001-£27.8m) which are available, subject to the agreement of the taxation authorities, to carry forward against future trading income.

In view of the continuing use of freehold properties by the company in the future, 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.

## 21 EQUITY SHARE CAPITAL

	2002 £000	2001 £000
Authorised, allotted, issued and fully paid 35,000 stock units of £1 each	<u>35</u>	<u>35</u>

## 22 RESERVES

Group	Share Premium Account £000	Revaluation Reserve £000	Profit and Loss Account £000
Balance at 1st June 2001	24,968	3,137	(24,414)
Profit/(Loss) for the year	-	-	1,555
Balance at 31st May 2002	<u>24,968</u>	<u>3,137</u>	<u>(22,859)</u>
Company	Share Premium Account £000	Revaluation Reserve £000	Profit and Loss Account £000
Balance at 1st June 2001	24,968	3,137	(24,414)
Transfer from Revaluation Reserve to Profit and Loss Account	-	(1,884)	1,884
Profit/(Loss) for the year	-	-	3,183
Balance at 31st May 2002	<u>24,968</u>	<u>1,253</u>	<u>(19,347)</u>

The transfer of £1,884,000 from the Revaluation Reserve to the Profit and Loss Account consists of the estimated amount of the Revaluation Reserve relating to the Goodison Park stadium. Due to the inability to fully allocate the Revaluation Reserve related to individual properties, as a result of the method of previous valuations and the records available, it is impossible to fully quantify the exact amount relating to the Goodison Park stadium, however a prudent estimate has been made.

## 23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £000	2001 £000
Profit/(Loss) for the year and net increase/(reduction) in shareholders' funds	1,555	(3,653)
Opening shareholders' funds	3,726	7,379
Shareholders' funds at 31st May 2002	<u>5,281</u>	<u>3,726</u>

## 24 CASHFLOW STATEMENT

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

	2002 £000	2001 £000
Profit/(Loss) before interest and tax	3,667	(2,049)
Profit on disposal of players	(13,979)	(10,742)
Operating Loss	<u>(10,312)</u>	<u>(12,791)</u>
Depreciation charge	1,062	1,215
Release of grants	(63)	(63)
Loss on sale of tangible fixed assets	51	12
Amortisation of players' registrations	8,913	9,605
(Decrease)/Increase in stocks	(44)	30
Increase in debtors	(512)	(566)
(Decrease) in provisions	(123)	-
Increase/(Decrease) in creditors	<u>(1,258)</u>	<u>1,322</u>
Net cash outflow from operating activities	<u>(2,286)</u>	<u>(1,236)</u>

**(b) Analysis of changes in net debt**

	At 1st June 2001 £000	Cash flows £000	At 31st May 2002 £000
Cash at bank and in hand	35	8,914	8,949
Overdraft	(8,764)	8,764	-
	<u>(8,729)</u>	<u>17,678</u>	<u>8,949</u>
Debt due within one year	(12,021)	9,391	(2,630)
Debt due after one year	(8,848)	(24,986)	(33,834)
Hire Purchase agreements	(11)	(34)	(45)
	<u>(29,609)</u>	<u>2,049</u>	<u>(27,560)</u>

**(c) Reconciliation of movements in Net Debt**

	2002 £000	2001 £000
Increase in cash in the period	17,678	6,410
Cash inflow from increase in net debt	(15,595)	(20,868)
Cash outflow from decrease in hire purchase financing	<u>(34)</u>	<u>5</u>
Movement in net debt in the year	<u>2,049</u>	<u>(14,453)</u>
Net Debt as at 1st June	(29,609)	(15,156)
Net Debt as at 31st May	<u>(27,560)</u>	<u>(29,609)</u>

**25 CONTINGENT LIABILITIES**

No provision is included in the accounts for transfer fees of £2,412,000 (2001: £3,292,000) which are, as at 31 May 2002, contingent upon future appearances of certain players, and signing-on fees and loyalty bonuses, as at 31 May 2002, of £3,073,000 (2001: £3,683,000) which will become due to certain players if they are still in the service of the Club on specific future dates.

**26 POST BALANCE SHEET EVENT**

Since 31 May 2002, the Club has entered into transfer agreements for confirmed contracted net transfer fees payable of £5,750,000.

**27 FRS 8-RELATED PARTY TRANSACTIONS**

There were no related party transactions in the year.

**28 ULTIMATE PARENT UNDERTAKINGS**

The ultimate parent undertaking of the company is True Blue Holdings Limited, a company incorporated in England. Copies of its accounts can be obtained from Companies House.