

146



The
Everton
Football Club
Company Limited

Annual Report
and
Statement of Accounts
at 31st May 1981



THE
EVERTON FOOTBALL CLUB
COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One hundred & second Annual General Meeting of the Company will be held at the offices of The Everton Football Club Company Limited, Goodison Park, Liverpool L4 4EL, on Thursday the 27th day of August, 1981, at 7.00 p.m. to receive and consider the Report of the Directors, and the Accounts for the Year ended 31st May, 1981, to elect Directors, to appoint Auditors for the ensuing year, and to fix their remuneration, and to transact any other business which may be transacted at the Annual General Meeting of the Company.

- The Transfer Books of the Company will be closed until 28th August, 1981.

- By Order of the Board.

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

3rd August, 1981.

**Admission on Presentation
of Annual Report**

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

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

Directors

P. D. Carter, Chairman
T. H. W. Scott, Vice-Chairman
G. A. Watts
A. W. Waterworth
K. M. Tamlin
J. Search
D. A. B. Newton

Secretary and Registered Office

J. Greenwood,
Goodison Park, Liverpool L4 4EL

Manager

H. Kendall

Bankers

Midland Bank Limited

Auditors

Rogers, Bowler & Co.

THE
EVERTON FOOTBALL CLUB
COMPANY LIMITED

CHAIRMAN'S REPORT

I have pleasure in submitting the Annual Report and Accounts.

They are the record of yet another season in which, at one stage at least, we promised much but again failed to deliver anything tangible.

We were third in the First Division after eight matches, but never again so high in the table. However, in the F.A. Cup, thoroughly deserved home wins over Arsenal, Liverpool and Southampton put us in the sixth round. At 4.34 p.m. on March 11, we were just six minutes away from a record 19th semi-final appearance, we were leading Manchester City 2-1 we were on top, and we were making (but sadly, as it turned out, not taking) good ces.

What happened next is now in the record books. City scored to draw the game 2-2, won the replay at Maine Road 3-1 and went on to the Centenary Final at Wembley via a semi-final victory over Ipswich Town.

Our experience following the Cup defeat was a bitter one. We won only one of our remaining twelve League matches and for the second successive season narrowly escaped relegation.

The situation in March and April caused the Board the gravest concern and, after long deliberation, on April 11 I issued a short statement in which I expressed the Board's concern with our performances and announced that we were reviewing the position of the manager and coaching staff and would make a further announcement before the season ended.

Now, as chairmen's remarks frequently do, that comment drew criticism; not in the main from our supporters, but from the media. It was said that it placed Mr. Gordon Lee in an impossible position. It was said that we should either have sacked him there and then or have said nothing. The debate in the media went on for several weeks until on May 6 I announced that Mr. Lee was leaving the Club and then, on May 8, that his successor would be a distinguished former Everton player, Mr. Howard Kendall, then Manager of Blackburn Rovers.

Now, as I write, Mr. Kendall is firmly back in the Goodison fold, together with his new first team coach, Mr. Mick Heaton, and they are preparing confidently for the new season. I do not wish to dwell unduly on the events of last season. However, before finally leaving the matter, I must make the following points:

I am still convinced we were absolutely right to make the announcement of April 11 in order to reassure our fast dwindling support that the Board was not inactive;

Mr. Lee fully understood and accepted our concern and the need for the announcement;

Mr. Lee was the first to admit that he had received staunch support from the Board over the four years of his managership.

Gordon Lee is one of football's gentlemen. He gave unstintingly of his time and talents while managing this Club. It is no disgrace to him that he did not achieve the success we have all sought for so long, but only the Board can decide when enough is enough. We thank Mr. Lee for his efforts here and wish him well in his future career.

Our playing season did not come to an end until June 6 and 6,000 miles from Goodison Park — in Japan. We took part in the Japan Cup tournament, playing three matches. We drew with the Japanese national team 2-2 and beat the Chinese XI 1-0. In the semi-final we lost 4-1 to Inter Milan, but the experience gained on the tour, both on and off the field, was valuable, particularly for Mr. Kendall, who had an opportunity to assess the squad before the summer break.

All clubs have problems with injuries at times and it is important to have sufficient players of Division I calibre to maintain results through periods when regular first team men are out of action. At the start of the season our squad appeared to have this depth, but injuries — some of them legacies from the previous season — still proved a considerable handicap.

We began the season without Mark Higgins and John Barton, both of whom broke legs as far back as 1979. In fact, Mark's comeback was bedevilled by various other health problems not associated with his leg injury, and he managed only two games all season. John fared almost as badly and did not return to League duty until the last three games of the season.

Bob Latchford injured a hamstring in November and was destined not to appear again until the last match of the season. Trevor Ross made only one first team appearance before December 27 and in the second half of the season Garry Stanley missed 16 games. Then, in the final phase of the season, when we were struggling after our Cup exit, two of the year's big successes, Steve McMahon and Eamonn O'Keefe, were injured in successive games, young McMahon seriously. Notwithstanding our strength in numbers — more than twenty players with Everton first team experience — these were serious handicaps.

On the brighter side, our policy of bringing on young players produced some gratifying successes, notably McMahon, Ratcliffe, Varadi, McBride and Lodge.

Movements of senior players in and out of the Club during the season were fewer than for many years. Goalkeeper Jim McDonagh was the only pre-season signing, joining us from Bolton Wanderers in June. George Wood departed to Arsenal

in August and Andy King to Queens Park Rangers a month later. At the end of the season George Telfer, Ray Deakin and Mark Ward were given free transfers and Brian Quinn moved to a Californian club.

International honours have been scarce at Goodison Park in recent years, but this season we fared somewhat better with no fewer than eight players being called on by the five international managers who draw their squads from the Football League. Asa Hartford (Scotland), Kevin Ratcliffe (Wales) and Eamonn O'Keefe and Jim McDonagh (Eire) all won full caps. Billy Wright and John Bailey were selected for the England B Squad, Steve McMahon got his first England Under-21 cap and Joe McBride (Scotland) was another Under-21 selection.

Our performances of the last two seasons confirm that we are still not strong enough to compete successfully for top honours at home and in Europe, but we aim to be so. One of the few helpful effects of the recession has been to "dampen down" the ridiculously inflated transfer market of the last few years. However, players of the highest class will always be at a premium, and I will state again that the Board will find the extra resources in order to build a first class squad capable of winning the highest awards.

Our new manager has already been active in the transfer market. Alan Biley, a goal scoring forward, has been signed from Derby County and Neville Southall, a young goalkeeper, has joined the Club from Bury, Bob Latchford has departed to Swansea, whilst Micky Thomas has joined us in an exchange with John Gidman.

Mr. Kendall has taken part in exhaustive discussions regarding the finances available to him and is fully aware of the requirement to maintain a manageable squad of first team players which will require the selling of some players if we are to buy new players of a higher calibre.

Last year I described our disciplinary record as deplorable; this year I am happy to record that it has shown a marked improvement, with a much lower total of penalty points and a marked reduction in bookings for dissent. No one denies that passion and commitment have to be blended with skill and organisation to achieve football success, but self-discipline is also a vital quality in the true professional and will always be expected of Everton players.

At the Football League's annual meeting Everton proposed the reinstatement of the inter-club loan system. This was enthusiastically supported by all members and will be operative in the coming season. At a time when all clubs are finding it difficult to remain financially viable, the loaning of players between clubs in different Divisions brings benefit to all concerned. Senior club players get ongoing first team experience and clubs in the lower Divisions obtain the services of quality players without having to pay transfer fees.

We were also delighted with a further move towards the ultimate acceptance of shirt advertising when the Football Association, under their new Chairman, Mr. Bert Millchip, ruled that sponsored shirts may be worn in F.A. Cup Ties.

Football alone cannot pay its way. We just cannot take enough money at the turnstiles to run the club, maintain and improve facilities and buy new players. The associated revenue providing activities we have developed are absolutely vital and we will continue to pursue them vigorously and successfully.

The accounts clearly demonstrate this fact.

Our income was marginally down on the previous year but excluding transfer fees we made a loss on our main footballing activities of £287,135. Fortunately donations from the various development funds and income from other activities enabled us to finish the year with an overall profit of £64,014, having provided a transfer fee reserve of £450,000.

Despite three cup-ties which attracted over 155,000 spectators, total attendances at Goodison Park were 53,000 down on the previous season and the average League gate was only 26,118, against 28,714 the previous season.

I must also report that under the provisions of the Companies Act 1980, if a company is to remain a public company its share capital must be not less than £50,000. Accordingly the Secretary has delivered the required statutory declaration to the Registrar which will lead to the Company becoming a Private Company.

If last year's ground improvements were largely of the unseen variety (chief among them was the £70,000 soil heating system), the fruits of this year's closed season work at Goodison Park are now very much in evidence. The pitch has been completely relaid and resown for the first time in 12 years, more than 4,500 seats in the upper Bullens Road Stand have been renewed and all seats in the other three stands have been repainted. Eleven executive boxes are under construction along the front of the Main Stand, and together with the new executive lounge complex will produce additional vital revenue for the club. Catering and toilet facilities have been maintained at their normally high standard and I am sure all fans will agree at the start of the new season that Goodison Park is one of the finest stadia in the country.

On a personal note I would like to record that throughout a difficult season I have received admirable support from my fellow directors, the full-time officials and staff of the club and those many other people who, because of their love of the game and of Everton, render excellent voluntary service to the club in many ways. I also want to thank all those many fans who supported the team through thick and thin, particularly the marvellously enthusiastic "away" supporters.

Finally, to the new season. Our experiences of recent years indicate that rash claims should not be made and, even if they were, would hardly be believed. It is fair to say we struggled right through the 1970's without striking any on-going trend of consistency and our start to the 1980's has been far from auspicious.

However, your directors' efforts have never relaxed and the determination to bring lasting success back to Everton is as strong as ever. I have every confidence we are entering a new era in the club's illustrious history. We start a new campaign with a new manager, but one who already has a splendid Everton pedigree.

His hopes will be high and ours with him, and I would ask everyone simply to give Howard Kendall and the players the level of sustained vocal support for which Evertonians are famous throughout the country.

PHILIP CARTER
27th July, 1981

THE
EVERTON FOOTBALL CLUB
 COMPANY LIMITED

REPORT OF THE DIRECTORS

The profit for the year to 31st May, 1981 amounted to £64,014. The Directors do not recommend the payment of a dividend.

Directors

At no time during the last financial year has:

1. Any Director of the Company had directly or indirectly any material interest in any Contract with the Company of significance in relation to the Company's business requiring disclosure under Section 16 (1) (c) of the Companies Act, 1967.
2. The Company been a party to any arrangement to enable Directors of the Company to acquire benefits by means of the acquisition of stock in the Company or any other Body Corporate.

The amount of Stock in the Company in which the Directors at the end of the Financial Year were then interested, according to the register kept by the Company for the purposes of Section 27 of the Companies Act 1967 is shown below. No other interests of these Directors in Stock of the Company were recorded in the register at that date.

	1st June 1980	31st May 1981
	£	£
Mr. P. D. Carter	23	39
Mr. T. H. W. Scott	3	3
Mr. G. A. Watts	3	3
Mr. A. W. Waterworth	3	3
Mr. K. M. Tamlin	3	3
Mr. J. Search	3	3
Mr. D. A. B. Newton	3	3

The following Members of the Board of Directors retire in accordance with the Company's Articles and, being eligible, offer themselves for re-election:

- Mr. G. A. Watts
- Mr. A. W. Waterworth

Nominations have been received on behalf of:

- Mr. S. C. Masterson
- Mr. P. L. Parry

Principal activity

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

Fixed assets

Full details of the changes to the Fixed Assets are shown in Notes on the Accounts. In view of the specialised use of the Freehold Land and Buildings at Goodison Park, the Directors are unable to give an indication of the difference between market and book value. It is considered that the market value exceeds the value included in the Balance Sheet.

Charitable and political contributions

There were no charitable or political contributions made during the year.

Auditors

Messrs Rogers, Bowler & Co. have intimated their willingness to continue as Auditors of the Company if re-elected.

P. D. CARTER,
Chairman

9th July, 1981.

THE
EVERTON FOOTBALL CLUB
 COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
 for the year ended 31st May 1981

	1981 £	1980 £
Income		
Gate receipts and income from related footballing activities	1,863,489	1,326,661
Trading and other income	522,444	577,100
	<u>£1,885,933</u>	<u>£1,903,761</u>
Expenditure		
Salaries, wages and other payroll costs	1,140,221	964,743
Transfer fees and compensation payments (net), including reserve (Note 5)	348,355	623,172
Training, travel, match and other expenses	270,683	266,027
Ground expenses and maintenance	118,365	95,122
Utilities	138,414	116,082
Depreciation	40,296	28,100
Auditors' remuneration	4,000	4,000
Other administrative expenses	33,960	33,995
	<u>£2,089,244</u>	<u>£2,131,541</u>
Balance Carried Forward	<u>£(203,311)</u>	<u>£(227,780)</u>

THE
EVERTON FOOTBALL CLUB
 COMPANY LIMITED

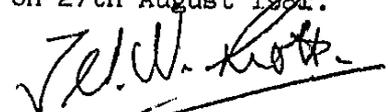
PROFIT AND LOSS ACCOUNT
 for the year ended 31 May 1981

	1981 £	1980 £
Balance Brought Forward	(203,311)	(227,780)
<i>Add:</i> Interest receivable	20,966	10,053
Donations receivable (Note 3)	268,279	274,769
	<hr/>	<hr/>
<i>Deduct:</i> Interest payable	85,934	57,042
	(21,920)	(25,847)
	<hr/>	<hr/>
Taxation (Note 4)	64,014	31,795
	<hr/>	<hr/>
Profit after taxation transferred to Reserves	<u>£64,014</u>	<u>£31,195</u>

THE
EVERTON FOOTBALL CLUB
 COMPANY LIMITED

This is to certify that this is a true copy of the Balance Sheet handed to Members of the Company at the Annual General Meeting held on 27th August 1981.


 Director


 Director

BALANCE SHEET
 as at 31 May 1981

	1981		1980
	£	£	£
Fixed Assets			
Freehold properties, stands, equipment and motor vehicles, at cost, less amounts written off (Note 1)	626,263		575,541
Current Assets			
Stocks (Note 2)	14,340	23,164	
Sundry debtors	268,171	839,113	
Cash at bank	301,786	—	
Cash in hand	4,460	8,919	
	<u>588,757</u>	<u>871,196</u>	
	1,215,020		1,446,737
Less: Current Liabilities and Provisions			
Bank overdraft (secured)	—	277,129	
Sundry creditors	569,412	869,210	
	<u>569,412</u>	<u>1,146,339</u>	
Net Assets	<u>£645,608</u>		<u>£300,398</u>
Financed by			
Capital and Reserves			
Share capital (authorised and issued)			
2,500 £1 stock units, fully paid	2,500		2,500
Reserves (Note 5)	£43,108		297,898
	<u>£645,608</u>		<u>£300,398</u>

Signed on behalf of the Board

Directors

9th July 1981

THE
EVERTON FOOTBALL CLUB
 COMPANY LIMITED

STATEMENT OF THE SOURCE AND APPLICATION OF FUNDS
 for the year ended 31 May 1981

	£	1981 £	£	1980 £
Source of Funds				
Profit before tax		64,014		31,195
Adjustment for items not using funds —				
Depreciation		40,296		28,100
Transfer to Transfer Fees reserve		450,000		—
		<hr/>		<hr/>
Funds from day-to-day operations		554,310		59,295
Sale of fixed assets		1,400		1,065
Grants from The Football Grounds Improvements Trust		9,597		—
		<hr/>		<hr/>
Total funds from all sources		565,807		60,360
Application of Funds				
Purchase of fixed assets		102,015		128,050
		<hr/>		<hr/>
		463,292		(67,690)
Movements in working capital:				
Decrease (increase) in stocks	8,824		(1,055)	
Decrease (increase) in debtors	402,138		(410,973)	
Increase (decrease) in creditors	(299,798)		183,409	
	<hr/>	111,164	<hr/>	(228,619)
Increase (decrease) in net liquid funds		<hr/>		<hr/>
		£574,456		£(296,309)
Comprising increases (decreases) in:—				
Bank balances		578,915		(302,155)
Cash in hand		(4,459)		5,846
		<hr/>		<hr/>
		£574,456		£(296,309)
		<hr/>		<hr/>

THE
EVERTON FOOTBALL CLUB
 COMPANY LIMITED

NOTES ON THE ACCOUNTS
 for the year ended 31 May 1981

1. Fixed Assets	Freehold properties	Stands, fixtures etc.	Safety works	Vehicles	Totals
	£	£	£	£	£
Cost or Valuation					
At 1st June 1980	57,380	389,238	274,086	36,384	756,988
Additions	—	54,326	25,970	21,719	102,015
Grants	—	—	(9,597)	—	(9,597)
Disposals	—	(888)	—	(2,821)	(3,709)
At 31st May 1981	57,330	442,676	290,409	55,282	845,697
Depreciation					
At 1st June 1980	27,720	131,905	8,354	13,468	181,447
Provided during year	—	28,644	5,630	6,022	40,296
On disposals	—	(688)	—	(1,621)	(2,309)
At 31st May 1981	27,720	159,861	13,984	17,869	219,434
Net book value at 31st May 1981	29,610	282,815	276,425	37,413	626,268

Expenditure under the heading of safety works was incurred in order to meet the requirements of the Safety of Sports Grounds Act 1975 and is reduced by grants received from The Football Grounds Improvements Trust in respect of this expenditure.

No depreciation is provided on land, buildings, stands and major fixtures and fittings incorporated therein other than safety works. Other fixed assets, including vehicles and safety works, are depreciated at various rates appropriate to the assets, ranging from 2% to 25%, calculated on the book value.

2. Stocks

Stocks consist of refreshments and souvenirs and have been valued at the lower of cost or net realisable value.

3. Donations Received

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

4. Taxation

There is no charge to Corporation Tax for the year, in view of relief available for losses incurred in earlier years. Further taxation losses are available for relief against future profits.

5. Reserves	1981	1980
Transfer fees reserve	£	£
Balance at 1st May 1980	—	—
Transferred from Profit and Loss Account in respect of future expenditure authorised by the Directors	450,000	—
Transferred to Profit and Loss Account	—	—
Balance at 31st May 1981	<u>£450,000</u>	<u>—</u>
General reserves		
Balance at 1st May 1980	297,898	266,703
Prior year adjustment	(168,804)	—
Profit for the year	64,014	31,195
Balance at 31st May 1981	<u>£198,108</u>	<u>£297,898</u>
Total reserves	<u>£648,108</u>	<u>£297,898</u>

The prior year adjustment comprises tax irrecoverable in respect of income received in earlier years.

6. Employees' Emoluments

The number of employees whose emoluments exceeded £20,000 in the year was as follows:—

	1980/81	1979/80
Between £20,000 and £25,000	5	5
Between £25,001 and £30,000	—	4
Between £30,001 and £35,000	2	—
Between £35,001 and £40,000	1	—
Between £40,001 and £45,000	1	—

7. Future Capital Expenditure

	1981	1980
Capital expenditure contracted for but not provided for in these accounts amounted to	£198,500	£15,100
Further capital expenditure authorised by the Directors on which orders had not been placed prior to the Balance Sheet date amounted to	£8,888	£29,916

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

We have audited the Accounts set out on pages 1 to 6 in accordance with approved Auditing Standards. In our opinion, the Accounts have been prepared under the historical cost convention, give, on that basis, a true and fair view of the state of the Company's affairs at the 31st May 1981 and of its profit and source and application of funds for the year ended on that date, and comply with the Companies Acts 1948 to 1980.

Signed ROGERS, BOWLER & CO., Chartered Accountants.

9th July, 1981

THE
EVERTON FOOTBALL CLUB
COMPANY LIMITED

MINUTES OF THE 101st ANNUAL GENERAL MEETING HELD AT GOODISON PARK,
LIVERPOOL, ON THURSDAY, 14th AUGUST 1980, AT 7.00 p.m.

Present: Messrs. P. D. Carter (*in the Chair*), T. H. W. Scott, A. W. Waterworth, K. M. Tamlin, J. Search and D. A. B. Newton (*Directors*), G. F. Lee (*Manager*), J. Greenwood (*Secretary*) and P. B. Bowler (*representing Rogers, Bowler & Co.*), together with 112 Shareholders.

NOTICE CONVENING THE MEETING:

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

PRESS:

It was agreed that the members of the Press should remain in attendance throughout the Meeting and the Chairman expressed thanks to the members of the Press present for their help and assistance during the past difficult season.

APOLOGIES:

Apologies for absence were recorded from Mr. G. A. Watts (Director), Mr. J. Tushingham (President of the Shareholders Association), Mrs. L. Seed and Mr. S. S. Willett.

MINUTES:

It was agreed that the minutes of the 100th Annual General Meeting as circulated, should be taken as read. Mrs. E. Jones proposed that the Minutes be approved and signed as a correct copy. Mr. K. B. Nolan seconded and the proposal was agreed unanimously.

CHAIRMAN'S REPORT:

It was agreed that the Chairman's Report, as circulated to Shareholders, should be taken as read. The Chairman extended congratulations to Sir John Moores from everyone connected with the Club on his recent Knighthood and also paid tribute to William Ralph Dean who had passed away during the course of the past season.

A number of Shareholders expressed concern at the very disappointing season and were assured by the Chairman of the Board's determination to improve the situation.

DIRECTORS' REPORT AND ACCOUNTS:

It was agreed that the Directors' and Auditors' Reports should be taken as read. After answering

a number of Shareholders' questions relating to the Accounts the Chairman formally proposed that the Directors' Report and Accounts should be adopted. This was seconded by Mr. R. E. D. Edwards and agreed unanimously.

DIVIDEND:

Mr. T. H. W. Scott proposed that no dividend should be paid. This was seconded by Mr. P. L. Parry and agreed unanimously.

APPOINTMENT AND REMUNERATION OF AUDITORS:

Mr. K. M. Tamlin proposed that Messrs. Rogers, Bowler & Co., should be appointed as Auditors for the ensuing year and their remuneration should be left for the Directors to decide. This was seconded by Mr. D. Wheway Davies and agreed unanimously.

ELECTION OF DIRECTORS:

Mr. A. W. Waterworth was invited to take over the Chair for this item. Mr. Waterworth announced that the three retiring Directors, Messrs. P. D. Carter, T. H. W. Scott and K. M. Tamlin, were all eligible and offered themselves for re-election. The nominations in respect of Messrs. P. L. Parry and S. C. Masterson had been withdrawn. The meeting agreed to take a single resolution for the re-election of Messrs. P. D. Carter, T. H. W. Scott and K. M. Tamlin as Directors for a further term of 3 years. This was proposed by Mr. Waterworth, seconded by Mr. Beattie, and agreed.

Mr. Scott expressed thanks to the meeting on behalf of Mr. Carter, Mr. Tamlin and himself.

VOTE OF THANKS:

The meeting closed with a vote of thanks to the Chairman, Directors and staff, proposed by Mr. G. Bailey and seconded by Mr. D. Wheway Davies.