Company Registration No. 4349739

EVERTON INVESTMENTS LIMITED

Annual report and financial statements

for the year ended 31 May 2006

Deloitte & Touche LLP
Liverpool

REPORT AND FINANCIAL STATEMENTS 2006

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W Kenwright CBE
J V Woods
K Wyness

SECRETARY

M Cheston (resigned 31 December 2006)
M Evans (appointed 3 January 2007)

REGISTERED OFFICE

Goodison Park
Liverpool
L4 4EL

BANKERS

Barclays Bank PLC

AUDITORS

Deloitte & Touche LLP

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements and auditors' report for the year ended 31 May 2006.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

PRINCIPAL ACTIVITY

The company acts as a financing vehicle for group activities.

RESULTS, DIVIDENDS AND FUTURE PROSPECTS

On 20 March 2002, the company issued £30 million 25-year secured loan notes. Further details are provided in notes 8 and 9 to the financial statements.

The results for the year are presented on page 5. The loss for the year, after taxation, amounted to £2,504 (2005: £2,160). The directors do not recommend the payment of a dividend.

The directors do not expect the company to experience any change from its current operations in the future.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year are as follows:

W Kenwright CBE

J V Woods

K Wyness

The directors had no interests in the share capital of the company or other Group companies, other than the parent undertaking, at the year end. The interests of the directors in the issued share capital of the parent undertaking, Everton Football Club Company Limited, are disclosed in the directors' report of that company.

AUDITORS

Each of the persons who are a director at the date of approval of this report confirms that:

(1) so far as the director is aware there is no relevant audit information of which the company's auditors are unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

K Wyness

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERTON INVESTMENTS LIMITED

We have audited the financial statements of Everton Investments Limited for the year ended 31 May 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 14. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool
29 March 2007

PROFIT AND LOSS ACCOUNT
Year ended 31 May 2006

	Note	2006 £	2005 £
Operating expenses		(2,500)	(2,200)
OPERATING LOSS	2	(2,500)	(2,200)
Interest receivable and similar income	3	2,208,437	2,274,426
Interest payable and similar charges	4	(2,208,441)	(2,274,386)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,504)	(2,160)
Taxation on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR	12	(2,504)	(2,160)

All the above results were derived from continuing operations.

There are no recognised gains and losses for the current or prior financial period other than as stated in the profit and loss account above. Accordingly, no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET
31 May 2006

	Note	2006 £	2005 £
CURRENT ASSETS			
Debtors	7	29,067,428	29,587,045
		29,067,428	29,587,045
CREDITORS: amounts falling due within one year	8	(2,035,774)	(2,021,978)
NET CURRENT ASSETS		27,031,654	27,565,067
TOTAL ASSETS LESS CURRENT LIABILITIES		27,031,654	27,565,067
CREDITORS: amounts falling due after more than one year	9	(27,040,556)	(27,571,465)
NET LIABILITIES		(8,902)	(6,398)
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account – deficit	12	(8,904)	(6,400)
EQUITY SHAREHOLDERS' DEFICIT	12	(8,902)	(6,398)

These financial statements were approved by the Board of Directors on 29 March 2007.

Signed on behalf of the Board of Directors

K Wyness

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2006

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. They have been applied consistently throughout the year and the preceding year.

Accounting convention and financial support

The financial statements are prepared under the historical cost convention.

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.

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 be recovered. Deferred tax assets and liabilities are not discounted.

2. OPERATING LOSS

Auditors' remuneration of £2,500 (2005: £2,200) was borne by the company.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £	2005 £
Interest receivable from group undertakings	2,208,437	2,274,386
Bank interest	-	40
	2,208,437	2,274,426

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Loan interest	2,208,437	2,274,386
Bank interest	4	-
	2,208,441	2,274,386

5. DIRECTORS' REMUNERATION

The directors received no emoluments from the company during the year as most of their time is spent on other group matters (2005: nil). The company has no employees (2005: none).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2006

6. TAXATION ON LOSS ON ORDINARY ACTIVITIES

(i) Factors affecting tax charge 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% (2005: 30%).

	2006 £	2005 £
Loss on ordinary activities before tax	(2,504)	(2,160)
Tax on loss on ordinary activities at the standard rate	751	648
Utilisation of tax losses	-	-
Group relief	(751)	(648)
Current tax charge for the period	-	-

(ii) Factors that may affect the future tax charge.

A deferred tax asset of £1,272 (2005: £1,272) has not been recognised. The asset will be recovered when relevant profits are available against which the timing differences concerned can be set off.

7. DEBTORS

	2006 £	2005 £
Amounts owed by fellow subsidiary	25,405,044	27,280,232
Amounts owed by parent	3,662,384	2,306,813
	29,067,428	29,587,045

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Loan notes (see note 10)	572,680	531,292
Accruals and deferred income	1,463,094	1,490,686
	2,035,774	2,021,978

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £	2005 £
Loan notes (see note 10)	27,040,556	27,571,465

The loan notes are repayable in annual instalments over a 25-year period at a fixed interest rate of 7.79%. The first repayment under the agreement was made on 30 September 2002 amounting to £1,588,000 with subsequent annual payments of £2,767,000 (including interest) starting on the 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 being charged to the profit and loss account in line with the interest charge over a period of 25 years.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2006

10. BORROWINGS

	2006 £	2005 £
Analysis of loan repayments:		
Within one year	572,680	531,292
Between one and two years	617,290	572,680
Between two and five years	2,155,671	1,999,881
In more than five years	24,826,908	25,599,989
Prepaid finance costs	(559,314)	(601,085)
	27,613,235	28,102,757

11. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised		
Ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
Ordinary shares of £1 each	2	2

12. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT AND STATEMENT OF MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 June 2005	2	(6,400)	(6,398)
Loss for the year	-	(2,504)	(2,504)
Balance at 31 May 2006	2	(8,904)	(8,902)

13. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Everton Football Club Company Limited. The major shareholders of Everton Football Club Company Limited are set out in the group accounts which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted under Financial Reporting Standard No. 8 paragraph 3(c) as a wholly owned subsidiary not to disclose transactions with other entities that are part of, or investees in, Everton Football Club Company Limited.