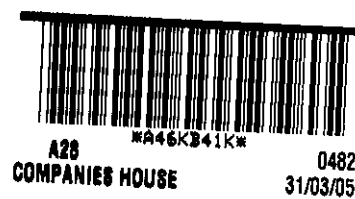


**EVERTON INVESTMENTS LIMITED**

**Report and Financial Statements**

**31 May 2004**



**REPORT AND FINANCIAL STATEMENTS 2004**

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**REPORT AND FINANCIAL STATEMENTS 2004**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

W Kenwright CBE  
J V Woods  
K Wyness

**SECRETARY**

M Cheston

**REGISTERED OFFICE**

Goodison Park  
Liverpool  
L4 4EL

**BANKERS**

Barclays Bank PLC  
Bootle Branch  
Liverpool North Group  
337/339 Stanley Road  
Bootle  
L20 3EB

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Liverpool

## **DIRECTORS' REPORT**

The directors present their first report and the audited financial statements for the year ended 31 May 2004.

### **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 note 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 £2,240 (2003: 16 month period £2,000). 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:

Sir Philip Carter CBE (resigned 01/06/04)

W Kenwright CBE

MJ Dunford (resigned 01/06/04)

J V Woods

K Wyness (appointed 13/09/04)

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**

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed



on behalf of the Board  
M Cheston 30 March 2005

## **STATEMENT OF 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 as at the end of the financial year 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; 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. They are also responsible for the system of internal control, 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 2004 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**

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 is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

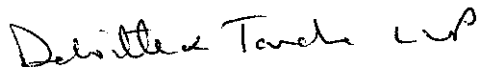
### **Basis of audit opinion**

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 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 of the state of the company's affairs as at 31 May 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Liverpool  
30 March 2005

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 May 2004**

	<b>Note</b>	<b>Year ended 31 May 2004 £</b>	<b>16 month period ended 31 May 2003 £</b>
Administrative expenses		(2,240)	(2,000)
<b>OPERATING LOSS</b>	<b>2</b>	<b>(2,240)</b>	<b>(2,000)</b>
Interest receivable and similar income	3	2,286,300	2,780,054
Interest payable and similar charges	4	(2,286,300)	(2,780,054)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(2,240)</b>	<b>(2,000)</b>
Taxation on loss on ordinary activities	6	-	-
<b>LOSS FOR THE FINANCIAL YEAR/ PERIOD</b>	<b>12</b>	<b>(2,240)</b>	<b>(2,000)</b>

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 2004**

	Note	2004 £	2003 £
<b>CURRENT ASSETS</b>			
Debtors	7	30,081,424	30,533,978
		<u>30,081,324</u>	<u>30,533,978</u>
<b>CREDITORS: amounts falling due within one year</b>	8	(2,011,242)	(1,997,196)
<b>NET CURRENT ASSETS</b>		<u>28,070,082</u>	<u>28,536,782</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		28,070,082	28,536,782
<b>CREDITORS: amounts falling due after more than one year</b>	9	(28,074,320)	(28,538,780)
<b>NET LIABILITIES</b>		<u>(4,238)</u>	<u>(1,998)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	2	2
Profit and loss account – deficit	12	(4,240)	(2,000)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>		<u>(4,238)</u>	<u>(1,998)</u>

These financial statements were approved by the Board of Directors on the

Signed on behalf of the Board of Directors



K Wyness

30 March 2005



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2004**

**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.

These financial statements represent the first such statements for the company and hence no comparative figures are presented.

**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 £2,200 (2003: £2000) was borne by the company.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	Year ended 31 May 2004 £	Period ended 31 May 2003 £
Interest receivable from group undertakings	2,286,300	2,780,054

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 31 May 2004 £	Period ended 31 May 2003 £
Loan Interest	2,286,300	2,780,054

**5. DIRECTORS' REMUNERATION**

The directors received no emoluments from the Company during the year (2003: nil). The company has no employees (2003: none).

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2004**

**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% (2003: 30%).

	31 May 2004 £	31 May 2003 £
Loss on ordinary activities before tax	(2,240)	(2,000)
Tax on loss on ordinary activities at the standard rate	672	600
Utilisation of tax losses	(672)	(600)
Current tax charge for the period	-	-

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

A deferred tax asset of £1,272 (2003: £600) 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**

	2004 £	2003 £
Amounts owed by fellow subsidiary	29,150,392	30,533,978
Amounts owed by parent	931,032	-
	<u>30,081,424</u>	<u>30,533,978</u>

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2004 £	2003 £
Loan notes (see note 10)	492,895	457,274
Amounts owed to parent	2,000	-
Accruals and deferred income	1,516,347	1,539,922
	<u>2,011,242</u>	<u>1,997,196</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2004**

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

	2004 £	2003 £
Loan notes (see note 10)	28,074,320	28,538,780

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 30<sup>th</sup> 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.

**10. BORROWINGS**

	Year ended 31 May 2004 £	Period ended 31 May 2003 £
Analysis of loan repayments:		
Within one year	492,895	457,274
Between one and two years	531,292	492,895
Between two and five years	1,855,349	1,721,263
In more than five years	26,317,201	26,982,578
Prepaid finance costs	(629,522)	(657,956)
	<u>28,567,215</u>	<u>28,996,054</u>

**11. CALLED UP SHARE CAPITAL**

	2004 £	2003 £
<b>Authorised</b>		
Ordinary shares of £1 each	1,000	1,000
<b>Called up, allotted and fully paid</b>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

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

	Share capital £	Profit and loss account £	Total £
At 1 June 2003	2	(2,000)	(1,998)
Loss for the year	-	(2,240)	(2,240)
Balance at 31 May 2004	<u>2</u>	<u>(4,240)</u>	<u>(4,238)</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2004**

**13. ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary undertaking of Everton Football Club Company Limited. The ultimate parent undertaking for the financial year was True Blue (Holdings) Limited which was registered in England and Wales. Copies of its accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. On 2<sup>nd</sup> December 2005 True Blue Holdings was voluntarily wound up and its shares in Everton Football Club Company Limited were distributed at par in specie to its members.

**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.