Company Registration No. 4349739

3

EVERTON INVESTMENTS LIMITED

Annual report and financial statements

for the year ended 31 May 2012

REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W Kenwright CBE
J V Woods
Sir P D Carter CBE

SECRETARY

M J Evans

REGISTERED OFFICE

Goodison Park
Liverpool
L4 4EL

BANKERS

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

AUDITOR

Deloitte LLP
Chartered Accountants & Statutory Auditor
Liverpool
United Kingdom

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements and auditor's report for the year ended 31 May 2012

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under sections 416 and 417 of the Companies Act 2006

PRINCIPAL ACTIVITY

The Company acts as a financing vehicle for group activities

RESULTS, DIVIDENDS AND FUTURE PROSPECTS

On 20 March 2002, the Company issued a £30 million 25-year secured loan note Further details are provided in notes 8, 9 and 10 to the financial statements

The results for the year are presented on page 6 The loss for the year, after taxation, amounted to £2,500 (2011 £2,500) The Directors are unable to recommend the payment of a dividend (2011 nil)

Risks and Uncertainties

The Company is in a net liabilities position because the loan note liability is not totally offset by an intercompany debtor The Directors of Everton Investments Limited have received a letter from Everton Football Club Company Limited ("the Group") confirming that "intercompany balances within the Group will not be called in within 12 months" It is acknowledged that the risks and uncertainties facing the Company are intrinsically linked to those of the parent company, Everton Football Club Company Limited In relying on the letter of support, the Directors have considered the matters noted below which have been disclosed in the financial statements of Everton Football Club Company Limited

The Board of Everton Football Club Company Limited ("The Board") recognises there are risks which affect the Group and has sought to minimise those risks The Group's cost base, in common with other football clubs, is relatively fixed in the short term, hence unfavourable movements in revenue, including those arising from below budget on-pitch performance, can lead to significant variation in profits It is the aim of the Board to maximise the flexibility of the cost base to manage unexpected revenue reductions

The Group also addresses industry risks through the attendance and participation of Club management at FA Premier League meetings, where risks and issues affecting FA Premier League clubs are discussed with representatives of other FA Premier League clubs with a view to mitigating any such identified risks

The Group meets its day to day working capital requirements through an overdraft facility and a bank loan Additionally, because of the predictable nature of football club revenue streams, the Group has obtained further funding post year end through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past This funding replaced an existing loan of the same amount, and is repayable in August 2013 Based on ongoing dialogue with the existing and potential funders, the Directors are confident that this facility will be replaced by an equivalent facility on repayment The Group's current overdraft facility and bank loan expire on 31 July 2013 The timing of the expiry of the current facilities on 31 July 2013 allows the Group's bankers and the Directors to agree appropriate facilities for the following season based on performance in the 2012/13 Premier League season and reflect activities, including the Group's player trading activity in the January 2013 transfer window and the start of the summer 2013 transfer window

The Directors have worked closely with the bank throughout the year and based on discussions with the bank believe that it is the bank's current intention to renew the facility agreements or put in place arrangements to provide similar facilities for the following season, in each case subject to review at the end of the current football season with the knowledge of the level of player trading over the period and with the amount and terms to be negotiated at the appropriate time The Directors acknowledge the need for further discussion and agreement with the bank, thereby giving rise to a degree of uncertainty on the final outcome regarding bank funding However, the Directors consider discussions with the bank to be of appropriate comfort to them in the circumstances In particular, the Directors consider it to be common practice for many Premier League football clubs for the exact level and terms of the facility to be reviewed at the end of each football season Based on the ongoing dialogue with the bank, the Directors are confident that the current facilities will be renewed at a similar level, or replaced by equivalent facilities, for the 2013/14 Premier League season

DIRECTORS' REPORT (continued)

The Group's trading projections show that it has a reasonable expectation of staying within its currently available, and future anticipated, finance facilities, including the overdraft and bank loan facilities and the available agreed securitisation facilities against future revenues referred to above, for at least 12 months from the date of signing of these accounts In preparing these trading projections, a number of additional inherent uncertainties have been identified, notably on-field performance and the resultant reduction in the Premier League domestic broadcasting merit award and the level of player trading

The Directors have considered the uncertainty surrounding the renewal of the overdraft and bank loan facilities and other inherent uncertainties and, in the event that they would be required, have identified a number of potential mitigating actions to manage any resulting forecast shortfall against current facilities including the ability within the industry to securitise additional future guaranteed revenues and flexibility around player trading

Based on the mitigating actions referred to above and the comfort obtained from their bankers, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future Accordingly they adopt the going concern basis in preparing the financial statements

Having considered the matters noted above and with reference to the cash flow forecasts prepared for the next 12 months for Everton Investments Limited, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis

Future Outlook

The Directors do not expect the Company to experience any significant change from its current operations in the future

DIRECTORS

The names of the Directors who served during the year, and to the date of this report, were as follows

W Kenwright CBE

J V Woods

Sir P D Carter CBE

No Director has an interest in the shares of the Company or any other group undertaking, other than the parent undertaking The Directors' interests in the shares of the parent undertaking, Everton Football Club Company Limited, are disclosed in the Directors' Report of that Company

AUDITOR

Each of the persons who is 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 auditor is 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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

MJE

M J Evans
Company Secretary
18 December 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the accounts unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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 AUDITOR'S REPORT TO THE MEMBERS OF EVERTON INVESTMENTS LIMITED

We have audited the financial statements of Everton Investments Limited for the year ended 31 May 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 May 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report

Damian Sanders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Liverpool, United Kingdom
18 December 2012

PROFIT AND LOSS ACCOUNT
Year ended 31 May 2012

	Note	2012 £	2011 £
Operating expenses		(2,500)	(2,500)
OPERATING LOSS	2	(2,500)	(2,500)
Interest receivable and similar income	3	1,890,799	1,954,145
Interest payable and similar charges	4	(1,890,799)	(1,954,145)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,500)	(2,500)
Taxation on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR	12	(2,500)	(2,500)

All the above results were derived from continuing operations

There are no recognised gains and losses for the current or prior financial year 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
At 31 May 2012

	Note	2012 £	2011 £
CURRENT ASSETS			
Debtors	7	24,909,993	25,753,694
CREDITORS: Amounts falling due within one year	8	(2,142,580)	(2,120,882)
NET CURRENT ASSETS		22,767,413	23,632,812
TOTAL ASSETS LESS CURRENT LIABILITIES		22,767,413	23,632,812
CREDITORS: Amounts falling due after more than one year	9	(22,791,417)	(23,654,316)
NET LIABILITIES		(24,004)	(21,504)
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	(24,006)	(21,506)
SHAREHOLDER'S DEFICIT	12	(24,004)	(21,504)

The financial statements of Everton Investments Limited (Company number 4349739) were approved by the Board of Directors on 18 December 2012

Signed on behalf of the Board of Directors

W Kenwright CBE
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2012

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and 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 going concern

The financial statements are prepared under the historical cost convention

As set out in the Directors' Report on page 2, in preparing these financial statements the Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business It is acknowledged that the risks and uncertainties facing the Company are intrinsically linked to those of Everton Football Club Company Limited ("the Group") In satisfaction of this responsibility the Directors have reviewed in detail the business' cash flow projections, and considered the Group's ability to meet its liabilities as they fall due, as discussed in the Group accounts

The Group meets its day to day working capital requirements through an overdraft facility and a bank loan Additionally, because of the predictable nature of football club revenue streams, the Group has obtained further funding post year end through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past This funding replaced an existing loan of the same amount, and is repayable in August 2013 Based on ongoing dialogue with the existing and potential funders, the Directors are confident that this facility will be replaced by an equivalent facility on repayment The Group's current overdraft facility and bank loan expire on 31 July 2013 The timing of the expiry of the current facilities on 31 July 2013 allows the Group's bankers and the Directors to agree appropriate facilities for the following season based on performance in the 2012/13 Premier League season and reflect activities, including the Group's player trading activity in the January 2013 transfer window and the start of the summer 2013 transfer window

The Directors have worked closely with the bank throughout the year and based on discussions with the bank believe that it is the bank's current intention to renew the facility agreements or put in place arrangements to provide similar facilities for the following season, in each case subject to review at the end of the current football season with the knowledge of the level of player trading over the period and with the amount and terms to be negotiated at the appropriate time The Directors acknowledge the need for further discussion and agreement with the bank, thereby giving rise to a degree of uncertainty on the final outcome regarding bank funding However, the Directors consider discussions with the bank to be of appropriate comfort to them in the circumstances In particular, the Directors consider it to be common practice for many Premier League football clubs for the exact level and terms of the facilities to be reviewed at the end of each football season Based on the ongoing dialogue with the bank, the Directors are confident that the current facilities will be renewed at a similar level, or replaced by equivalent facilities, for the 2013/14 Premier League season

The Group's trading projections show that it has a reasonable expectation of staying within its currently available, and future anticipated, finance facilities, including the overdraft and bank loan facilities and the available agreed securitisation facilities against future revenues referred to above, for at least 12 months from the date of signing of these accounts In preparing these trading projections, a number of additional inherent uncertainties have been identified, notably on-field performance and the resultant reduction in the Premier League domestic broadcasting merit award and the level of player trading

The Directors have considered the uncertainty surrounding the renewal of the overdraft and bank loan facilities and other inherent uncertainties and, in the event that they would be required, have identified a number of potential mitigating actions to manage any resulting forecast shortfall against current facilities including the ability within the industry to securitise additional future guaranteed revenues and flexibility around player trading

Based on the mitigating actions referred to above and the comfort obtained from their bankers, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future Accordingly they adopt the going concern basis in preparing the financial statements

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2012

1. ACCOUNTING POLICIES (continued)

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

Fees payable to the Company's auditor for the audit of the Company's annual accounts totalled £2,500 (2011 £2,500) No non-audit fees were incurred during the year (2011 £nil)

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Interest receivable from group undertakings	1,890,799	1,954,145

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Loan interest	1,890,799	1,954,145

5. DIRECTORS' REMUNERATION

The Directors received no emoluments from the Company during the year (2011 nil) Other than the Directors, the Company has no employees (2011 none)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2012

6. TAXATION ON LOSS ON ORDINARY ACTIVITIES

(i) Factors affecting tax charge for the current year

The tax assessed for the year is disproportionate to that resulting from applying the standard rate of corporation tax in the UK 25 67% (2011 27 67%)

	2012 £	2011 £
Loss on ordinary activities before tax	(2,500)	(2,500)
Tax on loss on ordinary activities at the standard rate	(642)	(692)
Group relief	-	692
Losses carried forward	642	-
Current tax charge for the year	-	-

(ii) Factors that may affect the future tax charge

A deferred tax asset of £1,617 (2011 £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

	2012 £	2011 £
Amounts owed by fellow subsidiary	13,698,360	15,716,038
Amounts owed by parent	11,211,633	10,037,656
	24,909,993	25,753,694

All amounts fall due within one year

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Loan notes (see note 10)	898,220	833,305
Accruals and deferred income	1,244,360	1,287,577
	2,142,580	2,120,882

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

	2012 £	2011 £
Loan notes (see note 10)	22,791,417	23,654,316

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 30 September 2003 The notes will be repaid in a securitisation agreement serviced by future season 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 2012

10 BORROWINGS

	2012	2011
	£	£
Analysis of loan repayments		
Within one year	898,220	833,305
Between one and two years	968,191	898,220
Between two and five years	3,381,064	3,136,714
In more than five years	18,746,127	19,958,668
Prepaid finance costs	(303,965)	(339,286)
	23,689,637	24,487,621

11. CALLED UP SHARE CAPITAL

	2012	2011
	£	£
Called up, allotted and fully paid		
Ordinary shares of £1 each	2	2

12 RECONCILIATION OF RESERVES AND MOVEMENTS IN SHAREHOLDER'S DEFICIT

	Share capital	Profit and loss account	Total
	£	£	£
At 1 June 2011	2	(21,506)	(21,504)
Loss for the year	-	(2,500)	(2,500)
Balance at 31 May 2012	2	(24,006)	(24,004)

13. ULTIMATE CONTROLLING PARTY

The Company is a wholly owned subsidiary undertaking of Everton Football Club Company Limited, which produces consolidated group accounts This is the smallest and largest group into which Everton Investments Limited's results are consolidated 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 'Related Party Disclosure' 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