Company Registration No. 4349739

EVERTON INVESTMENTS LIMITED

Annual report and financial statements

for the year ended 31 May 2009

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REPORT AND FINANCIAL STATEMENTS 2009

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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

AUDITORS

Deloitte LLP
Chartered Accountants & Registered Auditors
Liverpool
United Kingdom

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements and auditors' report for the year ended 31 May 2009.

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 (2008: £2,529). The directors do not recommend the payment of a dividend (2008: nil).

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

Risks and Uncertainties

The risks and uncertainties facing the company are intrinsically linked to those of the parent company, 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 deal with 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.

In ensuring that the Group has sufficient liquid resources to meet its liabilities as they fall due the Directors have reviewed in detail the business' cash flow projections. As disclosed in note 1, the Group meets its day to day working capital requirements through an overdraft facility that is due for renewal on 30 June 2010 and a four year working capital loan facility which commenced on 1 July 2009. Additionally, because of the predictable nature of football club revenue streams, the Group has further funding through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past.

The Groups' current overdraft facilities are renewed annually at the end of the Premier League season, as is common practice for many Premier League football clubs. Before the existing facilities expire in June 2010 the Directors will commence discussions with the Group's bankers about renewal of the existing facilities. However, based on their ongoing dialogue with the bank, the Directors are confident that the overdraft facility will be renewed at its current level, or replaced by an equivalent facility. On this basis the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the Annual Report and Accounts.

DIRECTORS' REPORT (Continued)

DIRECTORS

The directors of the company who served during the year, except as noted, were as follows:

W Kenwright CBE

J V Woods

Sir P D Carter CBE (appointed 9 August 2008)

K Wyness (resigned 29 July 2008)

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 s418 of the Companies Act 2006.

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

MJEvans

M J Evans
Company Secretary

20 November 2009

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 these 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 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 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 2009 which comprise the Profit and Loss Account, 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 sections 495 and 496 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 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 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 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 (APB'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.

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 2009 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 matters 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.

Damian Sanders (Senior Statutory Auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Liverpool, United Kingdom

20 November 2009

Company Registration No. 4349739

PROFIT AND LOSS ACCOUNT
Year ended 31 May 2009

	Note	2009 £	2008 £
Operating expenses		(2,500)	(2,529)
OPERATING LOSS	2	(2,500)	(2,529)
Interest receivable and similar income	3	2,106,055	2,157,581
Interest payable and similar charges	4	(2,106,055)	(2,157,581)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,500)	(2,529)
Taxation on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR	12	(2,500)	(2,529)

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 2009

	Note	2009 £	2008 £
CURRENT ASSETS			
Debtors	7	27,252,171	27,915,936
		27,252,171	27,915,936
CREDITORS: Amounts falling due within one year	8	(2,082,079)	(2,064,753)
NET CURRENT ASSETS		25,170,092	25,851,183
TOTAL ASSETS LESS CURRENT LIABILITIES		25,170,092	25,851,183
CREDITORS: Amounts falling due after more than one year	9	(25,186,596)	(25,865,187)
NET LIABILITIES		(16,504)	(14,004)
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	(16,506)	(14,006)
SHAREHOLDERS' DEFICIT	12	(16,504)	(14,004)

The financial statements were approved by the Board of Directors on 20 November 2009.

Signed on behalf of the Board of Directors

W Kenwright CBE
Director

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 May 2009

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and 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.

As set out in the Directors' Report on page 2 and 3, 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 Group will continue in business. 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. The Group meets its day to day working capital requirements through an overdraft facility that is due for renewal on 30 June 2010 and a four year working capital loan facility which commenced on 1 July 2009. Additionally, because of the predictable nature of football club revenue streams, the Group has further funding through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past.

The Groups' current overdraft facilities are renewed annually in line with the end of the Premier League season, as is common practice for many Premier League football clubs. Before the existing facilities expire in June 2010 the Directors will commence discussions with the Group's bankers about renewal of the existing facilities. However, based on their ongoing dialogue with the bank, the Directors are confident that the overdraft facility will be renewed at its current level, or replaced by an equivalent facility. On this basis the Directors have a reasonable expectation that the Group 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.

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 auditors for the audit of the company's annual accounts totalled £2,500 (2008: £2,500).

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £	2008 £
Interest receivable from group undertakings	2,106,055	2,157,581

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 May 2009

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Loan interest	2,106,055	2,157,581

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 (2008: nil). Other than the directors, the company has no employees (2008: none).

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: 28% (2008: 28%).

	2009 £	2008 £
Loss on ordinary activities before tax	(2,500)	(2,529)
Tax on loss on ordinary activities at the standard rate	700	708
Group relief	(700)	(708)
Current tax charge for the period	-	-

(ii) Factors that may affect the future tax charge

A deferred tax asset of £1,272 (2008: £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

	2009 £	2008 £
Amounts owed by fellow subsidiary	19,677,865	21,610,201
Amounts owed by parent	7,574,306	6,305,735
	27,252,171	27,915,936

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Loan notes (see note 10)	717,211	665,378
Accruals and deferred income	1,364,868	1,399,375
	2,082,079	2,064,753

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 May 2009

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

	2009 £	2008 £
Loan notes (see note 10)	25,186,596	25,865,187

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 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

	2009 £	2008 £
Analysis of loan repayments:		
Within one year	717,211	665,378
Between one and two years	773,082	717,211
Between two and five years	2,699,715	2,504,606
In more than five years	22,127,192	23,095,383
Prepaid finance costs	(413,393)	(452,013)
	25,903,807	26,530,565

11. CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised		
Ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
Ordinary shares of £1 each	2	2

12. RECONCILIATION OF RESERVES AND MOVEMENTS IN SHAREHOLDERS' DEFICIT

	Share capital £	Profit and loss account £	Total £
At 1 June 2008	2	(14,006)	(14,004)
Loss for the year	-	(2,500)	(2,500)
Balance at 31 May 2009	2	(16,506)	(16,504)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 May 2009

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.