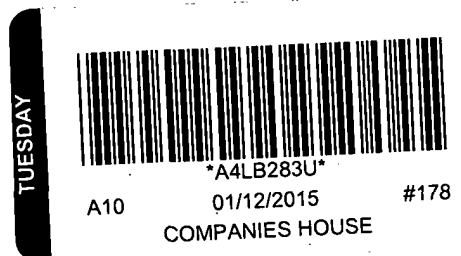


**EVERTON INVESTMENTS LIMITED**

**Annual report and financial statements**

**for the year ended 31 May 2015**



**REPORT AND FINANCIAL STATEMENTS 2015**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

W Kenwright CBE  
J V Woods

**SECRETARY**

G Ingles

**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 (CONTINUED)**

The Directors present their annual report together with the audited financial statements and auditor's report for the year ended 31 May 2015.

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 and accordingly a Strategic Report has not been prepared.

### **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 (2014: £2,500). The Directors are unable to recommend the payment of a dividend (2014: same).

#### *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 its cash reserves, bank loan and overdraft. 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 and is repayable in August 2016. Based on ongoing dialogue with the existing and potential funders, the Group's 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 2016. The timing of the expiry of the current facilities on 31 July 2016 allows the Group's bankers and the Directors to agree appropriate facilities for the following season based on performance in the 2015/16 Premier League season and reflect activities, including the Group's player trading activity in the January 2016 transfer window and the start of the summer 2016 transfer window.

The Group's 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 Group's 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' REPORT (CONTINUED)**

Directors are confident that the current facilities will be renewed at a similar level, or replaced by equivalent facilities, for the 2016/17 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 payment and the level of player trading.

The Group's Directors have considered the uncertainty surrounding the renewal of the 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 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.

### *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 (Deceased 23 April 2015)

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:



G Ingles  
Company Secretary  
23 October 2015

## **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 financial statements 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **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 2015 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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.

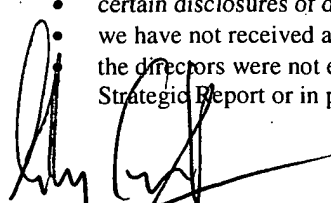
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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 from preparing a Strategic Report or in preparing the Director's Report.



Anthony Farnworth BA ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Liverpool, United Kingdom  
23 October 2015

# **EVERTON INVESTMENTS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**Year ended 31 May 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
Operating expenses		(2,500)	(2,500)
<b>OPERATING LOSS</b>	<b>2</b>	<b>(2,500)</b>	<b>(2,500)</b>
Interest receivable and similar income	<b>3</b>	<b>1,669,585</b>	<b>1,748,918</b>
Interest payable and similar charges	<b>4</b>	<b>(1,669,585)</b>	<b>(1,748,918)</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(2,500)</b>	<b>(2,500)</b>
Taxation on loss on ordinary activities	<b>6</b>	<b>-</b>	<b>-</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>12</b>	<b>(2,500)</b>	<b>(2,500)</b>

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.



# **EVERTON INVESTMENTS LIMITED**

## **BALANCE SHEET** **At 31 May 2015**

	Note	2015 £	2014 £
<b>CURRENT ASSETS</b>			
Debtors	7	21,939,455	23,008,502
<b>CREDITORS: Amounts falling due within one year</b>	8	(2,218,352)	(2,191,178)
<b>NET CURRENT ASSETS</b>		19,721,103	20,817,324
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		19,721,103	20,817,324
<b>CREDITORS: Amounts falling due after more than one year</b>	9	(19,752,607)	(20,846,328)
<b>NET LIABILITIES</b>		(31,504)	(29,004)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	2	2
Profit and loss account	12	(31,506)	(29,006)
<b>SHAREHOLDER'S DEFICIT</b>	12	(31,504)	(29,004)

The financial statements of Everton Investments Limited (Company number 4349739) were approved by the Board of Directors on 23 October 2015.

Signed on behalf of the Board of Directors

  
 W Kenwright CBE  
 Director

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 May 2015**

**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' Responsibilities Statement on page 4, 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 and is repayable in August 2016. Based on ongoing dialogue with the existing and potential funders, the Group's 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 2016. The timing of the expiry of the current facilities on 31 July 2016 allows the Group's bankers and the Directors to agree appropriate facilities for the following season based on performance in the 2015/16 Premier League season and reflect activities, including the Group's player trading activity in the January 2016 transfer window and the start of the summer 2016 transfer window.

The Group's 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 2016/17 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 Group's 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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 May 2015**

**1. ACCOUNTING POLICIES (continued)**

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 auditor for the audit of the Company's annual accounts totalled £2,500 (2014: £2,500). No non-audit fees were incurred during the year (2014: £nil).

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2015 £	2014 £
Interest receivable from group undertakings	1,669,585	1,748,918

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015 £	2014 £
Loan interest	1,669,585	1,748,918

**5. DIRECTORS' REMUNERATION**

The Directors received no emoluments from the Company during the year (2014: £nil). Other than the Directors, the Company has no employees (2014: none).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Year ended 31 May 2015**

**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: 20.83% (2014: 22.67%).

	2015 £	2014 £
Loss on ordinary activities before tax	(2,500)	(2,500)
Tax on loss on ordinary activities at the standard rate	(521)	(567)
Group relief	521	567
Current tax charge for the year	-	-

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

A deferred tax asset of £1,348 (2014: £1,348) has not been recognised. The asset will be recovered when relevant profits arise in the company which facilitate the offset of the brought forward losses.

**7. DEBTORS**

	2015 £	2014 £
Amounts owed by fellow subsidiary	7,474,297	9,579,680
Amounts owed by parent	14,465,158	13,428,822
	<u>21,939,455</u>	<u>23,008,502</u>

All amounts fall due within one year.

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

	2015 £	2014 £
Loan notes (see note 10)	1,124,910	1,043,613
Accruals and deferred income	1,093,442	1,147,565
	<u>2,218,352</u>	<u>2,191,178</u>

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

	2015 £	2014 £
Loan notes (see note 10)	19,752,607	20,846,328

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 (CONTINUED)**  
**Year ended 31 May 2015**

**10. BORROWINGS**

	2015 £	2014 £
Analysis of loan repayments:		
Within one year	1,124,910	1,043,613
Between one and two years	1,212,541	1,124,910
Between two and five years	4,234,370	3,928,351
In more than five years	14,511,758	16,030,316
Prepaid finance costs	(206,062)	(237,249)
	<u>20,877,517</u>	<u>21,889,941</u>

**11. CALLED UP SHARE CAPITAL**

	2015 £	2014 £
<b>Called up, allotted and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**12. RECONCILIATION OF RESERVES AND MOVEMENTS IN SHAREHOLDER'S DEFICIT**

	Share capital £	Profit and loss account £	Total £
At 1 June 2014	2	(29,006)	(29,004)
Loss for the year	-	(2,500)	(2,500)
	<u>2</u>	<u>(31,506)</u>	<u>(31,504)</u>
Balance at 31 May 2015	<u>2</u>	<u>(31,506)</u>	<u>(31,504)</u>

**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.