

Company Registration No. 4349739

EVERTON INVESTMENTS LIMITED

Annual report and unaudited financial statements

for the year ended 30 June 2021



EVERTON INVESTMENTS LIMITED

REPORT AND UNAUDITED FINANCIAL STATEMENTS 2021

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EVERTON INVESTMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W Kenwright CBE
D Barrett-Baxendale MBE
A Ryazantsev (Resigned 27 August 2021)
M W Brands (Appointed 4 June 2021, Resigned 5 December 2021)

REGISTERED OFFICE

Goodison Park
Liverpool
L4 4EL

BANKERS

Metro Bank
One Southampton Row
London
WC1B 5HA

DIRECTORS' REPORT

The Directors present their annual report together with the unaudited financial statements for the year ended 30 June 2021.

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, under s414 of the Companies Act 2006, and accordingly a Strategic Report has not been prepared.

The company has been dormant as defined in section 1169 of the Companies Act 2006 throughout the year. It is anticipated that the company will remain dormant for the foreseeable future. Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the company.

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. This was repaid during the year ending 31 May 2017 following investment from the major shareholder.

The results for the period are presented on page 5. The Profit for the period, after taxation, amounted to £nil (2020: nil). The Directors are unable to recommend the payment of a dividend (2020: same).

Risks and Uncertainties

The Company is in a net liabilities position of £36,504 (2020: £36,504). 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 of the signing of the financial statements". 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 continued group support of Bluesky Capital Limited and the legally binding letter of support, the Directors have had regard to 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 deal with unexpected revenue reductions.

Like many other football Clubs, and indeed many other businesses, the COVID-19 pandemic has had, and continues to have, a profound financial impact on the Club which will continue to be felt for several years. The financial challenges being faced, whilst unique in nature, are pervasive across the football industry however the Group remains in a secure financial position thanks to the unwavering support and commitment of our Majority Shareholder and direction from the Board and Senior Management.

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's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk:

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Where possible, the Group uses foreign exchange forward contracts to help mitigate changes in exchange rates. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by

EVERTON INVESTMENTS LIMITED

DIRECTORS' REPORT

international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

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

D Barrett-Baxendale

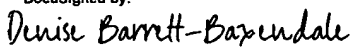
A Ryazantsev (Resigned 27 August 2021)

M W Brands (Appointed 4 June 2021, Resigned 5 December 2021)

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.

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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

DocuSigned by:

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D Barrett-Baxendale
Director
30 March 2022

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), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

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;
- 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.

EVERTON INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT **For the year ended 30 June 2021**

		12 months 2021 £	12 months 2020 £
	Note		
Operating expenses		-	-
OPERATING PROFIT/(LOSS)	3	-	-
PROFIT/(LOSS) BEFORE TAXATION		-	-
Taxation on profit/(loss)	5	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		-	-

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 Comprehensive Income has been presented.

EVERTON INVESTMENTS LIMITED

BALANCE SHEET **At 30 June 2021**

	Note	30 June 2021 £	30 June 2020 £
CURRENT ASSETS			
Debtors	6	5,490,521	5,490,521
CREDITORS: Amounts falling due within one year	7	(5,527,025)	(5,527,025)
NET CURRENT (LIABILITIES)/ASSETS		(36,504)	(36,504)
TOTAL ASSETS LESS CURRENT LIABILITIES		(36,504)	(36,504)
NET LIABILITIES		(36,504)	(36,504)
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	8	(36,506)	(36,506)
SHAREHOLDER'S DEFICIT		(36,504)	(36,504)

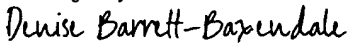
Everton Investments Limited (registered number 4349739) did not trade during the current or prior period and has made neither profit nor loss, nor any other comprehensive income. There have been no movements in shareholders' funds during the current financial year. For the period ending 30 June 2021 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Everton Investments Limited (Company number 4349739) were approved by the Board of Directors on 30 March 2022.

Signed on behalf of the Board of Directors

DocuSigned by:

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D Barrett-Baxendale
 Director
 30 March 2022

EVERTON INVESTMENTS LIMITED**STATEMENT OF CHANGES IN EQUITY**
At 30 June 2021

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 June 2019	2	(36,506)	(36,504)
Profit/(Loss) and total comprehensive expense for the period	-	-	-
At 1 July 2020	2	(36,506)	(36,504)
Profit/(Loss) and total comprehensive expense for the year	-	-	-
At 30 June 2021	2	(36,506)	(36,504)

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 2021

1. ACCOUNTING POLICIES

General information and basis of accounting

Everton Investments Limited is a private company incorporated in the England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Everton Investments Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Everton Investments Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Everton Investments Limited is consolidated in the financial statements of its parent, Everton Football Club Company Limited, which may be obtained from Companies House. Exemptions have been taken in these separate Company financial statements in relation to financial instruments and presentation of a cash flow statement.

Everton Investments Limited is a dormant company, as defined by the Companies Act 2006, and has therefore elected to retain its accounting policies for reported assets, liabilities and equity at the date of transition to FRS 102 in accordance with the transition provisions in paragraph 35.10 in FRS 102.

Going concern

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 Club will continue in business. In satisfaction of this responsibility the Directors have considered the Group's ability to meet its liabilities as they fall due for a period of at least twelve months from the signing date of the financial statements following investment from the majority shareholder in both the current and prior financial period, and the Club's existing banking facilities secured in the year ended 30 June 2021. The Club entered into a five year £100m working capital facility with Rights and Media Funding Limited and also secured a £10m uplift in the Metro Bank CLBILS facility to £30m, which is repayable over a 3 year period. The agreement includes a financial covenant that requires Club to retain a prescribed cash balance throughout the term of the agreement that is assessed on a quarterly look forward basis.

In assessing the appropriateness of the going concern assumption, the Directors have produced detailed cash flow forecasts for a number of scenarios. It is acknowledged that the global and UK outbreak of COVID-19 continues to present uncertainties on the 2021/2022 football season in several respects.

At the time of issue of these financial statements all professional football and other elite sports in England is now able to take place at full stadium capacities. Whilst the Directors are cautiously optimistic, the continued ability to operate matches at full capacity remains unknown at this stage and is largely dependent on the effectiveness of virus suppression measures in the coming months.

Whilst the Premier League and the Club continue to monitor the situation closely, and continue to model scenarios for how the current season will develop, the environment is subject change at short notice. The directors acknowledge that matches could return to behind closed doors, and commercial revenues, including sponsorship income, could also be adversely affected in the current 2021/22 season. Furthermore, the ability of the Premier League to maintain central distributions at current levels over the going concern assessment period cannot be determined with certainty, although 2020/21 and 2021/22 League distributions have to date been maintained or accelerated.

The club is able to review its cost base, trading strategy and the ability to defer other planned discretionary expenditure in the short term to offset any potential reductions in revenue. The club has also secured longer term funding facilities during the year ended 30 June 2021, removing the uncertainty of facilities becoming

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 2021

unavailable and the Club continues to have the support of the majority shareholder regarding ongoing funding arrangements.

The Directors are cautiously optimistic that full capacity fans in stadia will continue and that, if games revert back to behind closed doors the club will be able to make the necessary financial and operational adjustments, to ensure the club remains solvent in the meantime. As such, the Directors have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis. Considering the impacts of COVID-19 and the various potential scenarios, the directors have prepared a reverse stress testing sensitivity on the basis that the season reverts back to behind closed doors. Post year end, the Majority Shareholder has made a further £242m of financial support available for drawdown and use by the Club via an extension to the interest free Shareholder Loan. At the date of signing these accounts, £97m of this has been received by the Club with the remaining £145m to be drawdown by the Club when required and as included in management's forecasts. This support is being used to fund the enabling works on the New Stadium development and for operational cashflow requirements. Sufficient headroom has been identified to conclude on the Club's ability to continue as a going concern for the foreseeable future when taking into account the committed and continuing financial support of the Club's majority shareholder.

As such, the Directors do not consider there to be a material uncertainty in relation to the ability of the Club to continue as a going concern. The Directors have considered the sensitivities of the trading projections 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 current funding partners, as well as the continued financial support of the Club's majority shareholder, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operation existence for the foreseeable future. Accordingly, they adopt the going concern basis in the Financial Statements for the year ending 30 June 2021.

Financial instruments

The company has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors are recognised at the settlement amount due after any discount offered.

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 2021

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

3. OPERATING PROFIT/(LOSS)

No fees were payable to the Company's auditor for the audit of the Company's annual accounts due to the entity being dormant (2020: nil). No non-audit fees were incurred during the year (2020: £nil).

4. DIRECTORS' REMUNERATION

The Directors received no emoluments from the Company during the year (2020: £nil). Other than the Directors, the Company has no employees (2020: none).

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 2021

5. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(i) Current tax	12 months 2021 £	12 months 2020 £
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Total and current tax	-	-
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(ii) Factors affecting tax charge for the current year

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	12 months 2021 £	12 months 2020 £
Profit/(Loss) for the year – continuing operations	-	-
Tax on profit/(loss) at standard UK tax rate of 19.00% (2020: 19.00%)	-	-
Effects of:		
- Effects of group relief/other reliefs	-	-
Tax charge for the year	-	-

(iii) Factors that may affect the future tax charge

A deferred tax asset of £nil (2020: £nil) 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.

Increases in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax liability at the balance sheet date has been calculated using the applicable rate when the liability is expected to be realised.

6. DEBTORS

	30 June 2021 £	30 June 2020 £
Amounts owed by fellow subsidiary	5,490,521	5,490,521
Amounts owed by parent	-	-
	<u>5,490,521</u>	<u>5,490,521</u>

All amounts fall due within one year.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

EVERTON INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 2021

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2021 £	30 June 2020 £
Accruals and deferred income	-	-
Amounts owed to parent	<u>5,527,025</u>	<u>5,527,025</u>
	<u>5,527,025</u>	<u>5,527,025</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

8. CALLED UP SHARE CAPITAL AND RESERVES

	30 June 2021 £	30 June 2020 £
Called up, allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

The Company's other reserve is the profit and loss reserve which represents cumulative profits or losses, net of dividends paid and other adjustments.

9. ULTIMATE CONTROLLING PARTY

The Company is a wholly owned subsidiary undertaking of Everton Football Club Company Limited, which produces consolidated group accounts and is registered at the same address as this company. 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.

10. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption granted under section 33 of FRS 102 'Related Party Disclosures' not to report transactions between group companies, which are included in the consolidated statements of Everton Football Club Company Limited.