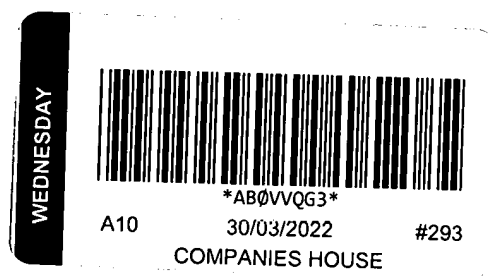


Company Registration No. 10719054

**EVERTON STADIUM DEVELOPMENT
LIMITED**

Annual report and financial statements

for the year ended 30 June 2021



EVERTON STADIUM DEVELOPMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2021

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EVERTON STADIUM DEVELOPMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W Kenwright CBE (Appointed 4 June 2021)
D Barrett-Baxendale
M Brands (Appointed 4 June 2021)
A Ryazantsev (Resigned 27 August 2021)
G Ingles (Appointed 30 September 2021)

REGISTERED OFFICE

Goodison Park
Goodison Road
Liverpool
L4 4EL

BANKERS

Metro Bank
1 Southampton Row
London
WC1B 5HA

AUDITOR

BDO LLP
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 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.

PRINCIPAL ACTIVITIES

The Company acts as a development vehicle for future group activities in relation to the new stadium project. The project continues to progress well and has now received planning approval for the new stadium at Bramley Moore Dock site.

RESULTS, DIVIDENDS AND FUTURE PROSPECTS

The results for the year are presented on page 9. The loss for the year, after taxation, amounted to £4,000 (2020: £19,873,810). The Directors are unable to recommend the payment of a dividend (2020: same).

Risks and Uncertainties

The Company is in a net liabilities position and net current liabilities position of £58,793,767 (2020: £38,515,291). The Directors of Everton Stadium Development 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. The parent Company continues to benefit from the continued support of its majority shareholder, Bluesky Capital Limited, and has received further funding since the 30 June 2021, which have been disclosed in the financial statements of Everton Football Club Company Limited. Until a funding package is agreed, future support is required from the Group to enable the company to continue to meet its liabilities.

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.

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.

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.

DIRECTORS REPORT (CONTINUED)

Going Concern (Continued)

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 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.

Future Outlook

In the short term the Directors do not expect the Company to experience any significant change from its current operations.

DIRECTORS REPORT (CONTINUED)

DIRECTORS

The names of the Directors who served during the period (unless otherwise stated), and to the date of this report, were as follows:

W Kenwright CBE (Appointed 4 June 2021)
D Barrett-Baxendale
M Brands (Appointed 4 June 2021)
A Ryazantsev (Resigned 27 August 2021)
G Ingles (Appointed 30 September 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 period and remain in force at the date of this report.

AUDITOR

BDO LLP were appointed as auditor in the prior year by the directors.

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

Director

29 October 2021

EVERTON STADIUM DEVELOPMENT LIMITED

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 period. 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; 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 STADIUM DEVELOPMENT LIMITED

Report on the audit of the financial statements

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 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.

We have audited the financial statements of Everton Stadium Development Limited ("the Company") for the year ended 30 June 2021 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVERTON STADIUM DEVELOPMENT LIMITED (CONTINUED)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as FRS 102 and the UK Companies Act 2006 whereby throughout our audit work we remained alert to any possible non-compliance. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVERTON STADIUM DEVELOPMENT LIMITED (CONTINUED)

inappropriate journal entries and management bias in accounting estimates. Our audit procedures included, but were not limited to:

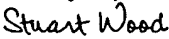
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to new stadium expenditure and the recognition of deferred tax assets;
- Identifying and testing journal entries, in particular any journal entries posted with specific keywords, manual journals to cash, journals posted by super users and journals posted at weekends;
- Discussions with management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

DocuSigned by:

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Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Liverpool, UK
29 October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

EVERTON STADIUM DEVELOPMENT LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2021

	Note	2021 £	2020 £
Operating expenses		(4,000)	(19,873,810)
OPERATING LOSS	3	<u>(4,000)</u>	<u>(19,873,810)</u>
LOSS BEFORE TAXATION		(4,000)	(19,873,810)
Tax on loss	5	-	-
LOSS FOR THE FINANCIAL PERIOD		<u>(4,000)</u>	<u>(19,873,810)</u>

All the above results were derived from continuing operations.

There are no other items of income or expense for the current or prior financial period other than as stated in the profit and loss account above. Accordingly, no separate Statement of Comprehensive Income has been presented.

EVERTON STADIUM DEVELOPMENT LIMITED

BALANCE SHEET

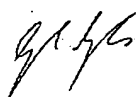
As at 30 June 2021

	Note	30 June 2021 £	30 June 2020 £
FIXED ASSETS	6	20,274,476	-
Tangible assets			
CURRENT ASSETS			
Debtors	7	1,078,977	813,276
Cash at bank and in hand		1,989,733	2,329,845
		<u>3,068,710</u>	<u>3,143,121</u>
CREDITORS: Amounts falling due within one year	8	<u>(61,862,477)</u>	<u>(41,658,412)</u>
NET CURRENT LIABILITIES		<u>(58,793,767)</u>	<u>(38,515,291)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(38,519,291)</u>	<u>(38,515,291)</u>
NET LIABILITIES		<u>(38,519,291)</u>	<u>(38,515,291)</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account	9	<u>(38,519,292)</u>	<u>(38,515,292)</u>
SHAREHOLDER'S DEFICIT		<u>(38,519,291)</u>	<u>(38,515,291)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of Everton Stadium Development Limited (Company number 10719054) were approved by the Board of Directors and authorised for issue on 29 October 2021.

Signed on behalf of the Board of Directors



G Ingles

Director

EVERTON STADIUM DEVELOPMENT LIMITED

STATEMENT OF CHANGES IN EQUITY **As at 30 June 2021**

	Called up share capital £	Profit and loss account £	Total £
At 1 July 2019	1	(18,641,482)	(18,641,481)
Loss and total comprehensive expense for the year	-	(19,873,810)	(19,873,810)
At 1 July 2020	1	(38,515,292)	(38,515,291)
Loss and total comprehensive expense for the year	-	(4,000)	(4,000)
At 30 June 2021	1	(38,519,292)	(38,519,291)

EVERTON STADIUM DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 30 June 2021

1. ACCOUNTING POLICIES

General information and basis of accounting

Everton Stadium Development Limited is a private company limited by shares incorporated in 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 and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

Everton Stadium Development 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 Stadium Development 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 financial statements in relation to financial instruments and presentation of a cash flow statement.

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 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

EVERTON STADIUM DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 30 June 2021

1. ACCOUNTING POLICIES (CONTINUED)

Going Concern (Continued)

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.

EVERTON STADIUM DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year 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 consider the following areas to be a critical accounting judgements:

Expenditure incurred on new stadium project

A critical accounting judgement is the treatment of the spend on the new stadium project at Bramley-Moore Dock. In all periods to 30 June 2020 all expenditure on the new stadium project has been expensed through the Profit and Loss account because despite substantial investment and confidence in the project, there was insufficient certainty from an accounting perspective that future economic benefits associated with the development would have flowed to the Club.

However at the end of the accounting period ending 30 June 2020, certainty and confidence in the project had grown to a level where there was sufficient certainty that economic benefits from the development would flow to the Club. This resulted in a change in the accounting for project spend to being capitalised at the start of the year ended 30 June 2021. The Club received unanimous planning approval on the 23 February 2021 from Liverpool City Council's planning committee and on the 26 March 2021 received planning approval from the Secretary of State for Housing, Communities and Local Government. This approval provides further confidence that future economic benefits associated with the new stadium project will flow to the Club to justify capitalising project expenditure in the current reporting period ending 12 months 30 June 2021.

The Directors are confident the new stadium would bring substantial incremental profits to the club compared to hosting fixtures at Goodison Park. The cost of the project can be measured reliably and all costs are incurred in Everton Stadium Development Limited, a company within the Group, which was set up to solely incur all direct expenditure relating to the Project.

The project is closely monitored and any amounts capitalised, which would not be recoverable in the event that the project was not completed (such as a significant proportion of professional fees and construction costs capitalised that are specific to the proposed stadium site) would need to be written off at that time.

Recognition of deferred tax asset

The Club recognises deferred tax effects of temporary differences between the financial statement carrying amounts and the tax basis of our assets and liabilities.

Deferred tax assets are recognised only to the extent that it is probable that the associated deductions will be available for use against future profits and that there will be sufficient taxable profit available against which the temporary differences can be utilised, provided the asset can be reliably quantified.

Future taxable income may be higher or lower than estimates made when determining whether it is appropriate to record a deferred tax asset and the amount to be recorded.

3. OPERATING LOSS

Fees payable to the Company's auditor for the audit of the Company's annual accounts totalled £2,333 (2020: £2,000). No non-audit fees were incurred during the period (2020: £nil).

The operating expenses incurred in the year ended 30 June 2020 related to, amongst other items, various architect, surveyors, project management, finance, legal and planning fees on the new stadium project which could not be capitalised under FRS 102.17.4 due to the fact that planning permission for the project had not been granted.

EVERTON STADIUM DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 30 June 2021

4. DIRECTORS' REMUNERATION

The Directors received no emoluments from the Company during the period (2020: none). The Directors are remunerated by another Group company and there is no practical method of allocation. Details of total remuneration are included in the financial statements of Everton Football Club Company Limited. Other than the Directors, the Company has no employees.

5. TAXATION ON LOSS

(i) Current tax	2021 £	2020 £
Total and current tax	-	-

(ii) Factors affecting tax result for the current period

The tax result for the period can be reconciled to the loss per the profit and loss account as follows:

	2021 £	2020 £
Loss for the period – continuing operations	(4,000)	(19,873,810)
Tax on loss at standard UK tax rate of 19% (2020: 19%)	(760)	(3,776,024)
Effects of:		
- Expenses not deductible for tax purposes	-	453,183
- Deferred tax not recognised	1,977,806	3,607,463
- Remeasurement of deferred tax for change in tax rates	(1,977,046)	284,622
Tax charge for the period	-	-

(iii) Factors that may affect the future tax charge

The company has not provided for a deferred tax asset of £8.2m. This asset will be utilised if sufficient taxable profits are generated in the future.

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 and has been accounted for when valuing the unrecognised deferred tax asset as at the balance sheet date.

EVERTON STADIUM DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 30 June 2021

6. TANGIBLE FIXED ASSETS

	Assets Under Construction £
Cost	
At 1 July 2020	-
Charge for the year	20,274,476
At 30 June 2021	<u>20,274,476</u>
Depreciation	
At 1 July 2020	-
Charge for the year	-
At 30 June 2021	<u>-</u>
Net book value	
At 30 June 2021	<u>20,274,476</u>
At 30 June 2020	<u>-</u>

Assets under construction relate to the Group's main ongoing capital project: the proposed Bramley-Moore Dock Stadium. In the event that the proposed project does not proceed, the professional fees and construction costs included within assets under the course of construction to 30 June 2021 may need to be written-off.

7. DEBTORS

	30 June 2021 £	30 June 2020 £
Sundry debtors	38,248	12,987
VAT	1,040,729	800,289
	<u>1,078,977</u>	<u>813,276</u>

All amounts fall due within one year.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2021 £	30 June 2020 £
Trade creditors	4,210,790	4,523,815
Amounts owed to parent	56,241,095	35,713,064
Accruals and deferred income	1,410,592	1,421,533
	<u>61,862,477</u>	<u>41,658,412</u>

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

EVERTON STADIUM DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 30 June 2021

9. CALLED UP SHARE CAPITAL AND RESERVES

	30 June 2021 £	30 June 2020 £
Called up, allotted and fully paid		
1 ordinary share of £1	1	1

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

10. 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 Stadium Development 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.

The ultimate parent undertaking and controlling party is Blue Horizon Investments Limited, which owns 92.2% of the share capital of the Group. Blue Horizon Investments Limited is incorporated in the Isle of Man and is wholly-owned and controlled by Mr Moshiri

11. 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 wholly owned group companies, which are included in the consolidated statements of Everton Football Club Company Limited. There are no other related party transactions in the period.

12. POST BALANCE SHEET EVENTS

Since 30 June 2021, Everton Stadium Development Limited entered into a contract with Laing O'Rourke for the completion of enabling works on the site of the Club's new stadium at Bramley Moore Dock. The value of this enabling works contract was £77.8m.

The Club retains the right to terminate the enabling works contract at will, subject to the payment of reasonable demobilisation costs. The contractual commitment is therefore not possible to accurately quantify because the reasonable demobilisation costs will vary according to stage of completion of the contract.