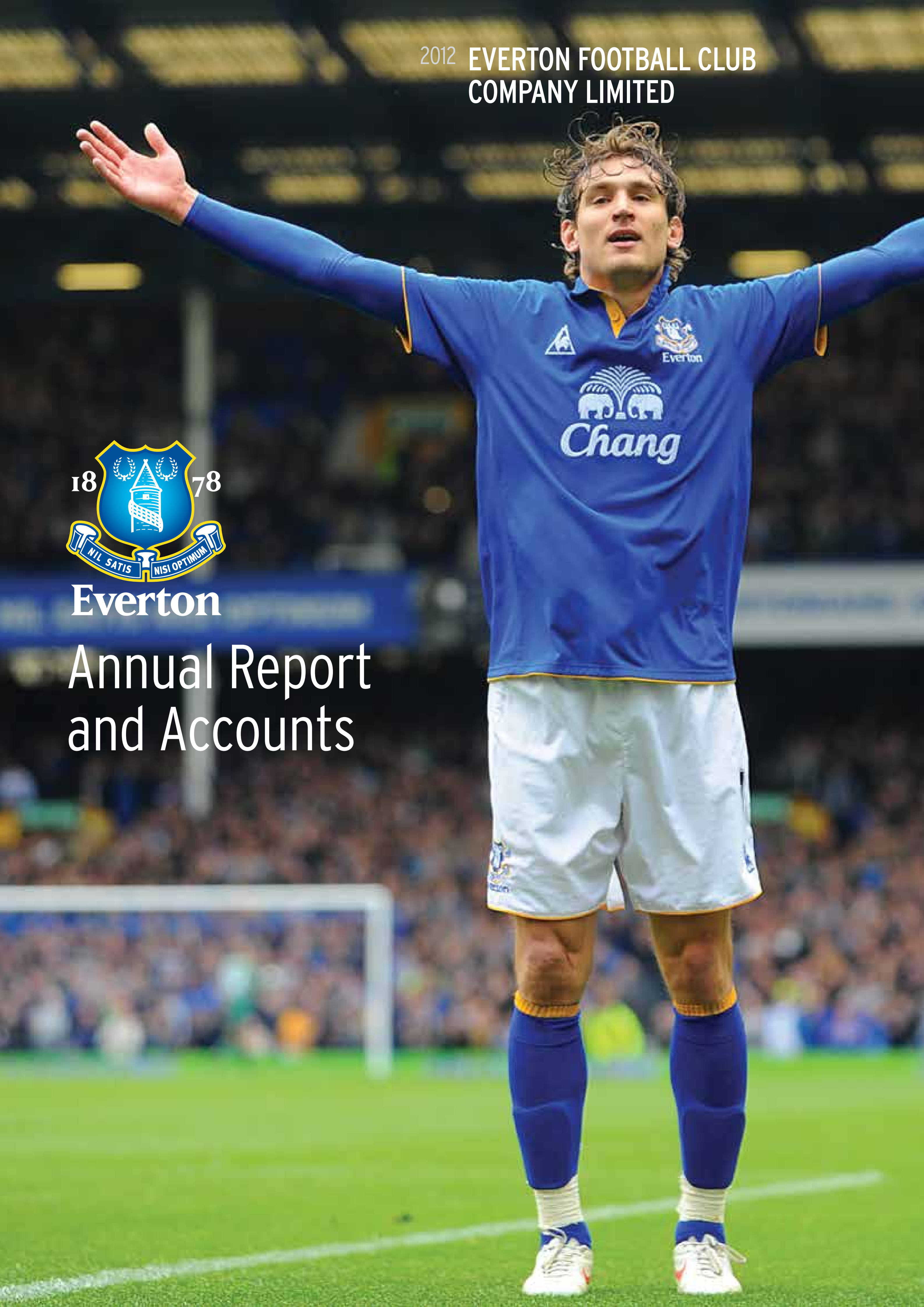
2012 EVERTON FOOTBALL CLUB COMPANY LIMITED



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Everton

Annual Report and Accounts

2012 CONTENTS, DIRECTORS AND ADVISORS

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Welcome to the Everton Football Club Company Limited
Annual Report and Accounts 2012

DIRECTORS
W Kenwright CBE Chairman
J V Woods Deputy Chairman
R I Earl
Sir P D Carter CBE

CHIEF EXECUTIVE
R Elstone

COMPANY SECRETARY
M J Evans

REGISTERED OFFICE
Goodison Park
Liverpool L4 4EL

COMPANY REGISTRATION NUMBER
36624

AUDITOR
Deloitte LLP
Chartered Accountants
& Statutory Auditor
Horton House
Exchange Flags
Liverpool L2 3PG

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

REGISTRARS
Capita IRG
The Registry
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0GA

2012 CHAIRMAN'S STATEMENT

I am often asked: "How does Everton do it?"

How do we consistently perform so well in these days of cheque book fuelled football? More often than not, that question is asked by rival fans after another stunning performance against a club with vastly greater wealth than ourselves. It's a question I have fielded many times since the close of the January transfer window this year.

On that day we defeated the Barclays Premier League Champions – a club believed to be the richest in the world. Sadly I wasn't at Goodison that night, I was still in my office where I had spent the previous 14 hours hoping to, and finally succeeding in, bringing Nikica Jelavić from Rangers, and bringing Steven Pienaar back from Spurs. A commitment shared by my colleagues at Goodison who worked into the early hours of the following morning making sure everything finished smoothly. Those two deadline day arrivals, together with the slightly earlier signing of Darron Gibson and return of Landon Donovan, completed a transfer window which transformed our season. The happiest phone call I think I have ever had with our Manager took place between midnight and 1am on February 1st as he drove home basking in the joy of not only three terrific points but also two terrific final day acquisitions.

And maybe that's the answer to all of the above questions. Trust. While David was getting us the magnificent three points, I was trying to get him a couple of new signings. We were involved together throughout the day right up until kick-off, and trusted each other during the actual 90 minutes when we couldn't talk, to get on with our jobs. It's an important thing – trust.

I know it's acknowledged throughout the length and breadth of the land, but it's important to repeat it here – we totally trust David Moyes and his staff to scout and identify the players with the right DNA for this great football club. David trusts us, and he says it often, to provide every single penny we can, and do everything in our powers, to help him get the people he needs. Would I personally like a bigger financial pot to put before him – of course I would. Do I feel at times that I am letting him down because I simply can't do that – of course I do. That's one of the reasons why part of this Club's DNA is to work until the final second that the transfer window closes.

Trust can only be based on hard work and a commitment to common goals, and the one thing we can do is give those we trust our time and our effort - for every second that they need it. The truly special relationship we all enjoy with David Moyes was celebrated as we marked his first ten years as our Manager. Again I know I don't have to repeat this but I will. It's been a privilege for me to work alongside him during this time.

From the day the transfer window closed we embarked on a superb run which delivered 8 wins and 6 draws from our last 16 league games as we swept past teams including Chelsea, Manchester City and Tottenham Hotspur. Some of our football was truly spell-binding as we also made a third Wembley appearance in four seasons thanks to a fine FA Cup run. The highlight of that cup campaign for me was seeing 6,000 fellow Blues putting their trust in the team at Sunderland in the quarter final replay and seeing it repaid with probably the performance of the season. What a night!

And how great it was to meet so many of you on the rain soaked motorway after midnight!

However not all of last season's memories are happy ones - the cruel loss of both Gary Speed and Gary Ablett was felt by our football club and throughout the wider sporting world. Two terrific men who brought so much not only to our Club but to football worldwide.

We have started the 2012/13 campaign as we finished the last – and in a way that has evaded us in recent years – which leaves us quietly optimistic. That optimism grew over a summer in which we were again satisfied with our transfer activity.

Our substantial, on-going commitment to our Academy has delivered a development programme envied by our rivals and endorsed by the football authorities. Our £95 season ticket reflects our on-going commitment to the next generation of Evertonians and affordable football at Goodison. Our partner base has expanded with Nike, StubHub, Dafabet, Paddy Power and EA Sports joining the Everton family. Our long-standing friends at Chang and Kitbag continue to enjoy the benefits of our hard-work and creativity, and our bankers, Barclays Bank PLC, continue to provide us with long-term support for which we remain grateful.

Everton in the Community continues to change lives for the better, not just in Merseyside but also further afield. Our multi award-winning charity has been trusted with establishing The Everton Free School and is already making a difference to young people in our city who, for whatever reason, have experienced difficulty in mainstream education. Our City trusts Everton in the Community.

The last financial year presented us with a new series of challenges in addition to the usual pressures we confront on a regular basis. An inexplicable lack of support from our broadcast partners resulted in a significant reduction in live TV selections on previous years, while a fall in gate receipts and season ticket sales also had a negative impact on our bottom line. I am happy to report that all three of these important contributors to our fiscal well-being are in a much improved position this season.

On a final note, my desire to find a person, or Institution, with the finance to move us forward has not diminished. Despite the challenges presented by a global economic downturn, we remain positive and determined. We will find major investment. My commitment to serve this football club to the very best of my ability remains a constant in my life and I am aware of the trust you put in me to do that. My motivation is simple. I am an Evertonian. That's enough for me.

Bill Kenwright

2012 FINANCIAL REVIEW

TRADING PERFORMANCE

On the pitch, the 2011/12 season followed a similar pattern to the season before; a slow start followed by outstanding performances in the second half of the season. Significant investment in the playing squad in the January transfer window contributed to this strong finish as well as securing an FA Cup Semi-Final appearance at Wembley. For the second successive season the performances in the Premier League delivered a 7th place finish, however disappointingly, for the second successive season, and only the third time in eight seasons, 7th place didn't secure a place in the UEFA Europa League.

This pattern of on-pitch performances influences our financial performance in a number of ways including gate receipts, live TV selections and season ticket sales for the following season. Turnover for the year ended 31 May 2012 totalled £80.5m (2011: £82.0m). Of this turnover, gate receipts generated £16.8m as a result of progressing to the FA Cup Semi-Final, and despite a much-reduced Premier League average attendance of 33,209. Our live TV appearances dropped significantly and inexplicably, however, other increases in TV-based distributions ensured income from broadcasting remained broadly unchanged at £52.8m (2011: £52.9m). Sponsorship revenue increased to £7.1m (2011: £6.8m) however revenue from other commercial activities fell to £3.0m (2011: £4.0m) as a result of the prior year including revenue from the Club's pre-season tour to Australia.

The continued investment in the playing squad included new contracts for Marouane Fellaini, Tim Howard, Phil Neville and Ross Barkley, in addition to purchases in the January transfer window of Nikica Jelavic and Darron Gibson, and the loan signings of Steven Pienaar and Landon Donovan. The increased investment in the playing squad was reflected in wages as a percentage of turnover increasing to 79% although it would be unfair to compare this to other Club ratios without adding back estimates of turnover for outsourced activities. The continual search for operational efficiencies delivered cost savings within the business and resulted in other operating expenses falling by £0.9m in the year to £22.7m (2011: £23.6m).

As a result of the key factors outlined above, we have recorded an operating loss for the year before player trading of £6.4m (2011: loss of £0.5m). The inclusion of the amortisation of players' registrations of £12.8m (2011: £16.6m), profit on disposal of player registrations of £14.1m (2011: £7.4m) and profit on disposal of tangible fixed assets of £nil (2011: £8.4m), gives a loss before interest and taxation of £5.1m (2011: £1.3m). When we incorporate the net annual interest charge of £4.0m (2011: £4.1m), principally arising from the servicing of the securitised debt and the bank overdraft, as well as interest receivable, the accounts show a pre tax loss of £9.1m (2011: £5.4m).

BALANCE SHEET AND FUNDING

Net debt at year end, representing borrowings less cash on deposit, increased slightly to £46.0m (2011: £44.9m) however £18.7m (2011: £20.0m) is not due for repayment for more than five years.

As a result of the above trading including transfer activity, the balance sheet shows a net liability position of £44.3m (2011: £35.2m). However, it should be noted that the balance sheet contains £9.6m of deferred income in relation to advance season ticket and lounge membership sales which will be released to the profit and loss as games are played during the 2012/13 season hence will not require repayment. In addition, £18.7m of borrowings are not repayable for more than five years. Furthermore it is important to remember that the balance sheet attributes little value to home grown players such as Jack Rodwell, Leon Osman, Tony Hibbert, Victor Anichebe and Ross Barkley, and to players we have amortised over a period of time such as Baines, Jagielka and Fellaini.

In terms of cash flows, the cash outflow from operating activities was £7.2m (2011: inflow of £1.9m). After net payments for interest of £4.0m, net receipts on player transfers and capital expenditure of £10.2m and net cash outflows from financing of £0.9m, the decrease in cash for the year was £1.9m (2011: decrease of £3.9m).

The Board recognises there are risks which affect the Group and has sought to minimise those risks. Our 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. Further information on the Group's funding requirement is set out in Note 1.

The Group enters into a number of transactions, relating mainly to player transfers, which create exposure to movements in foreign exchange. The Group monitors this foreign exchange exposure on a continuous basis and will seek to hedge any significant exposure in its currency receivables and payables. The Group's policy is to reduce as far as possible the interest risk by entering into fixed interest rate borrowings when appropriate.


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2012 COMMERCIAL REVIEW

BUILDING THE 'FAMILY'

Everton prides itself on acquiring and nurturing genuine partnerships and true friendships. Central to developing this is an understanding of our partners' businesses followed by a commitment to meeting objectives.

Most prominent of our partnerships is the shirt sponsorship deal with Thai Bev through its 'Chang Beer' brand, the most lucrative sponsorship deal in the Club's history and the longest in the Premier League. 2011/12 saw the appointment of a UK account manager to further improve our relationship, while the Power of Thai charity campaign at the home game against Norwich in December raised one million Thai baht for victims of flooding.

In tandem with improvements to the existing deal with Kitbag, global sportswear giant Nike became the Club's technical partner. As part of the deal, Nike provided three new kits for the 2012/13 season and assisted a significant refurbishment of the Everton Two club store in Liverpool One.

StubHub, a subsidiary of eBay, and the world's largest secondary ticketing marketplace, also signed a three year deal, providing a service which enables Season Ticket holders to re-sell their seat for any match they are unable to attend. Excluding our shirt sponsorship and retail deals, this is now Everton's largest commercial partnership. Trinity Mirror, a renowned nationwide company with a base in Liverpool, became the Club's new publishing partner.

Also coming on board in the summer of 2012 were Paddy Power and Dafabet, who will provide online and mobile betting facilities in the UK and internationally for the next two years alongside Bwin, who will serve the requirements of our supporters attending matches at Goodison.

Other blue-chip partners include 'high street' brands Crabbie's, EA Sports, Thomas Cook and Britannia Building Society (now part of The Cooperative Bank).

COMMITMENT TO OFFERING VALUE FOR MONEY

Continuing a commitment to make football more affordable during these difficult economic times, Everton introduced a £5 junior ticket scheme for all supporters in School Year 11 and under for FA Cup home games in 2012. Over 10,000 young fans, buying almost 25,000 tickets followed the Blues to Wembley and prompted the Club to replicate the offer for season ticket holders. We were delighted to sell over 1,500 £95 season tickets to junior and infant school supporters for the 2012/13 campaign.

As part of the commitment to value for money, the Club also decided to continue the policy of providing significant discounts to all returning and renewing Season Ticket holders which achieved excellent results. In addition, the popular Direct Debit scheme allowing supporters to spread the cost of their Season Ticket was extended and proved increasingly popular.

A successful online push, incorporating social media under the campaign theme of 'Stand Together', led to 54% of all Season Ticket sales being processed through the Club's official website, evertonfc.com, a 6% increase on the previous year. The online campaign was supported by a number of offline activities, one of which, 'Out of the Blue', saw six first-team players appear at various locations across Merseyside and surprise unsuspecting fans with a free Season Ticket for a stand of their choice.

The Club retained over 1,000 corporate members in 2011/12. Additionally, a project to rename and revamp two of Goodison's nine hospitality lounges was completed as the Blues 100 and 1878 Suite became the '85 Lounge and 1878 Brasserie respectively.

2012 EVERTON IN THE COMMUNITY

The 2011/12 season was a truly remarkable and historic one for Everton in the Community, firmly establishing it on the world stage of community sports development.

"2011/12 was a ground-breaking year for Everton in the Community, but the 2012/13 season will be even more special for the charity as it prepares to celebrate its 25th anniversary."

In November 2011, Everton in the Community became the first football club-related organisation to secure Government approval to open a Free School. Another milestone 'first'. The Everton Free School opened its doors in September 2012 and supports vulnerable and underprivileged young people aged 14-19 who do not currently attend school or are at risk of being excluded from school due to challenging personal circumstances.

Earlier in 2011 Everton in the Community was granted over £930,000 from the Big National Lottery Fund to launch a ground-breaking programme called Safe Hands to help young offenders integrate back into their communities.

It will support up to 150 individuals over the five years of the project, utilising education, sport, media and the arts, to help get them back on their feet and into training, employment or further education.

Mersey Care NHS Trust continues to work with Everton in the Community as a key partner in our 'Imagine Your Goals' programme and has agreed to fund the scheme for a further two years to enable local people to continue to access this hugely impactful programme.

Inside Right was launched in July 2011 and is currently helping a large group of ex-servicemen deal with a range of mental health issues to help them integrate back into their local communities.

The Premier League 4 Sport programme went from strength to strength, receiving a 'Clubmark' by Sport England – an honour bestowed in recognition of high delivery standards. The Blues' scheme was the first to exceed the Premier League's goal of working with 1,250 young people per club and, to date, has engaged with over 3,500 youngsters on Merseyside.

Everton's Disability Programme secured funding for a fifth consecutive season to help maintain the 26 teams which currently represent Everton Football Club. The programme also helped to prepare three athletes who represented ParalympicsGB at London 2012.

Everton in the Community's ground-breaking Premier League Health programme received international acclaim from the medical world, with the programme's findings presented at the International Society of Men's Health, the European College of Sports Science and the International Men's Health World Congress.

The Blues' official charity is proud of its impressive achievements which also in the last year included:

- 12,500 participants engaged across all programmes
- 1,500 local charities supported
- Contributed to a 56% reduction in anti-social behaviour and a 79% reduction in crime in challenging areas across Merseyside
- Delivery of over 35 social programmes

It has also been a year of recognition for the work of Everton in the Community, receiving to date a remarkable 35 prestigious national and international awards including Professional Club Community Programme of the Year 2012 at the Community Sport and Recreation Awards and the Best Community Scheme in Europe at the Stadium Business Awards.

2011/12 was a ground-breaking year for Everton in the Community, but the 2012/13 season will be even more special for the charity as it prepares to celebrate its 25th anniversary. The charity will embark on a global awareness and fundraising campaign to raise £2.5 million to support the many facets of its community work and cement its future for many years to come.

Everton in the Community will continue to be one of the best ways for Blues fans to get involved with their Club; one of the best ways for the Club to listen to its fans; one of the best ways to reward our supporters; and, a group of people who make all Evertonians proud to say 'that's my Club'.


EVERTON
FREE SCHOOL

2012 DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the group and company for the year ended 31st May 2012.

PRINCIPAL ACTIVITY
The principal activity of the Group continues to be that of a professional football club. The Group has continued to develop the Everton brand and associated media rights.

REVIEW OF BUSINESS
The results of the year's trading are shown on page 13 of the financial statements. A detailed review of the Group's business, key performance indicators including wages to turnover ratio and operating profit before player trading, an indication of the likely future developments, and the risks and uncertainties facing the Group are contained in the Chairman's Statement and the reviews set out on pages 4 to 9.

DIVIDEND AND TRANSFERS FROM RESERVES
The loss for the year amounted to £9.1m (2011: loss of £5.4m), which has been transferred from reserves. The Directors are not able to recommend the payment of a dividend (2011: £nil).

POST BALANCE SHEET EVENTS
A description of the material aspects of these events can be found in note 24 to the accounts.

DIRECTORS
The Directors in office during the year and their beneficial interests in the share capital of the Company at the end of the financial year, and of the previous financial year, were as follows:

	Number of Shares	
	31st May 2012	31st May 2011
W Kenwright CBE	9,044	9,044
J V Woods	6,622	6,622
R I Earl	8,146	8,146
Sir P D Carter CBE	714	714

DIRECTORS' RESPONSIBILITIES STATEMENT
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

RISK AND UNCERTAINTIES
In addition to the risks addressed within the Financial Review, in ensuring that the Group has sufficient liquid resources to meet its liabilities as they fall due the Directors have reviewed in detail the business' cash flow projections. As disclosed in note 1, the Group meets its day to day working capital requirements through an overdraft facility and a bank loan. Additionally, because of the predictable nature of football club revenue streams, the Group has obtained further funding post year end through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past. This funding replaced an existing loan of the same amount, and is repayable in August 2013. Based on ongoing dialogue with the existing and

potential funders, the Directors are confident that this facility will be replaced by an equivalent facility on repayment.

The Group's current overdraft facility and bank loan expire on 31 July 2013. The timing of the expiry of the current facilities on 31 July 2013 allows the Group's bankers and the Directors to agree appropriate facilities for the following season based on performance in the 2012/13 Premier League season and reflect activities, including the Group's player trading activity in the January 2013 transfer window and the start of the summer 2013 transfer window.

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

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 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.

EMPLOYMENT POLICIES

The Group's employment policies are designed to retain and motivate staff at all levels. Staff are, within the bounds of commercial confidentiality, kept informed of matters that affect the current performance and future prospects of the Group and are of interest to them as employees.

The Group operates an equal opportunities policy to ensure that no member of staff or job applicant receives less favourable treatment on the grounds of gender, race, ethnic origin, age or disability.

Every possible step will be taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job-related criteria.

When recruiting and retaining disabled employees, the Group will be guided by the principles and duties set out in the Disability Discrimination Act and its associated Codes of Practice.

AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 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. Deloitte have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed auditor in the absence of an Annual General Meeting.

Approved by the Board on 18 December 2012 and signed on its behalf by:

M J Evans
Company Secretary

2012 INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVERTON FOOTBALL CLUB COMPANY LIMITED

We have audited the financial statements of Everton Football Club Company Limited for the year ended 31st May 2012 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the Group and Company balance sheets, the consolidated cash flow statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2012

		2012			2011
		Operations excluding player trading	Player trading	Total	Total
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Turnover	**1,2**	**80,531**	**-**	**80,531**	**82,021**
Operating expenses	3	(86,933)	(12,852)	(99,785)	(99,170)
Operating loss	**4**	**(6,402)**	**(12,852)**	**(19,254)**	**(17,149)**
Profit on disposal of players' registrations		-	14,141	14,141	7,426
Profit on disposal of tangible fixed assets		-	-	-	8,432
(Loss) / profit before interest and taxation		**(6,402)**	**1,289**	**(5,113)**	**(1,291)**
Interest receivable and similar income	5			112	13
Interest payable and similar charges	6			(4,105)	(4,135)
Loss on ordinary activities before taxation				**(9,106)**	**(5,413)**
Tax on loss on ordinary activities	8			-	-
Loss after taxation for the year transferred from reserves	**19,20**			**(9,106)**	**(5,413)**

All the above amounts derive from continuing operations.

There are no recognised gains and losses for the year ended 31st May 2012 and the prior year other than as stated in the profit and loss account, accordingly no separate consolidated statement of total recognised gains and losses is given.

GROUP BALANCE SHEET AT 31 MAY 2012

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed Assets					
Intangible Assets	10		23,927		33,328
Tangible Assets	11		6,394		6,787
			30,321		**40,115**
Current Assets					
Debtors	14	8,056		11,101	
Investments	12	2,767		2,767	
		10,823		**13,868**	
Creditors - Amounts falling due within one year	15	(57,166)		(55,985)	
Net Current Liabilities			**(46,343)**		**(42,117)**
Total Assets Less Current Liabilities			**(16,022)**		**(2,002)**
Creditors - Amounts falling due after more than one year	16		(27,176)		(32,004)
Provision for liabilities	17		(1,095)		(1,181)
Net Liabilities			**(44,293)**		**(35,187)**
Capital and Reserves					
Called up share capital	18		35		35
Share premium account	19		24,968		24,968
Revaluation reserve	19		3,049		3,049
Profit and loss account - deficit	19		(72,345)		(63,239)
Shareholders' deficit	**20**		**(44,293)**		**(35,187)**

The financial statements of the Everton Football Club Company Limited, registered number 36624, were approved by the Board on the 18 December 2012 and signed on its behalf by

W Kenwright CBE
Director

COMPANY BALANCE SHEET AT 31 MAY 2012

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed Assets					
Intangible Assets	10		23,927		33,328
Tangible Assets	11		1,104		1,250
Investments	12		-		-
			25,031		**34,578**
Current Assets					
Debtors	14	7,381		10,995	
		7,381		**10,995**	
Creditors - Amounts falling due within one year	15	(70,643)		(70,682)	
Net Current Liabilities			**(63,262)**		**(59,687)**
Total Assets Less Current Liabilities			**(38,231)**		**(25,109)**
Creditors - Amounts falling due after more than one year	16		(3,414)		(7,341)
Provision for liabilities	17		(1,095)		(1,181)
Net Liabilities			**(42,740)**		**(33,631)**
Capital and Reserves					
Called up share capital	18		35		35
Share premium account	19		24,968		24,968
Revaluation reserve	19		1,165		1,165
Profit and loss account - deficit	19		(68,908)		(59,799)
Shareholders' deficit			**(42,740)**		**(33,631)**

The financial statements of the Everton Football Club Company Limited, registered number 36624, were approved by the Board on the 18 December 2012 and signed on its behalf by

W Kenwright CBE
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2012

		2012		2011	
	Notes	£'000	£'000	£'000	£'000
Cash (outflow) / inflow from opertaing activities	21a		(7,167)		1,906
Returns on investments and servicing of finance					
Interest received		112		13	
Interest paid		(4,130)		(4,135)	
Finance lease and hire purchase interest		(5)		(5)	
Net cash outflow from returns on investments and servicing of finance			**(4,023)**		**(4,127)**
Taxation			**-**		**-**
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(12,782)		(11,616)	
Purchase of tangible fixed assets		(428)		(568)	
Proceeds from the disposal of tangible fixed assets		1		9,325	
Proceeds from the disposal of intangible fixed assets		23,364		5,065	
Net cash inflow from capital expenditure and financial investment			**10,155**		2,206
Net cash outflow before financing			(1,035)		(15)
Financing					
New loans		-		5,000	
Repayment of loans		(866)		(8,873)	
Capital element of finance lease and hire purchase payments		(39)		(41)	
Net cash outflow from financing	21c		(905)		(3,914)
Decrease in cash	**21b**		**(1,940)**		**(3,929)**

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

1 ACCOUNTING POLICIES
The principle accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

(i) Accounting Convention
The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold properties, plant & equipment and in accordance with applicable law and United Kingdom accounting standards.

(ii) Basis of Preparation
The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings. The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up until the date of their disposal. Intra-group trading is eliminated on consolidation.

As set out in the Directors' Responsibilities Statement on page 10, in preparing these financial statements the Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business. In satisfaction of this responsibility the Directors have reviewed in detail the business' cash flow projections, and considered the Group's ability to meet its liabilities as they fall due.

The Group meets its day to day working capital requirements through an overdraft facility and a bank loan. Additionally, because of the predictable nature of football club revenue streams, the Group has obtained further funding post year end through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past. This funding replaced an existing loan of the same amount, and is repayable in August 2013. Based on ongoing dialogue with the existing and potential funders, the Directors are confident that this facility will be replaced by an equivalent facility on repayment.

The Group's current overdraft facility and bank loan expire on 31 July 2013. The timing of the expiry of the current facilities on 31 July 2013 allows the Group's bankers and the Directors to agree appropriate facilities for the following season based on performance in the 2012/13 Premier League season and reflect activities, including the Group's player trading activity in the January 2013 transfer window and the start of the summer 2013 transfer window.

The Directors have worked closely with the bank throughout the year and based on discussions with the bank believe that it is the bank's current intention to renew the facility agreements or put in place arrangements to provide similar facilities for the following season, in each case subject to review at the end of the current football season with the knowledge of the level of player trading over the period and with the amount and terms to be negotiated at the appropriate time.

The Directors acknowledge the need for further discussion and agreement with the bank, thereby giving rise to a degree of uncertainty on the final outcome regarding bank funding. However, the Directors consider discussions with the bank to be of appropriate comfort to them in the circumstances. In particular, the Directors consider it to be common practice for many Premier League football clubs for the exact level and terms of the facility to be reviewed at the end of each football season. Based on the ongoing dialogue with the bank, the Directors are confident that the current facilities will be renewed at a similar level, or replaced by equivalent facilities, for the 2013/14 Premier League season.

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 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.

(iii) Turnover
Turnover is stated exclusive of value added tax, and match receipts are recognised net of payments owing to visiting clubs, the Premier League, the Football Association and the Football League.

Gate and other match day revenue is recognised over the period of the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season it relates to whilst facility fees for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the football season.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

1 ACCOUNTING POLICIES (CONTINUED)

(iv) Tangible Fixed Assets and Depreciation
Depreciation is not provided on freehold land. On properties it is provided to write off the costs or revalued amounts less estimated residual value (based on prices prevailing at the date of acquisition or revaluation) in equal annual instalments over the estimated useful economic lives of the assets which are considered to be between 10 and 40 years. No depreciation is provided on assets in the course of construction.

Depreciation is charged on a straight line basis of three years for vehicles and five years for plant and equipment.

The Group has taken advantage of the transitional provisions of Financial Reporting Standard 15 'Tangible fixed assets' and retained the book amounts of certain freehold properties which were revalued prior to implementation of that standard. The properties were last revalued at 31st May 1999 and the valuations have not subsequently been updated.

(v) Grants
Grants of a capital nature are credited to deferred income and amortised to the profit and loss account on a systematic basis over the useful economic life of the asset to which they relate.

(vi) a) 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.

(vi) b) 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 will be recovered. Deferred tax assets and liabilities are not discounted.

(vii) Intangible Fixed Assets - Players' Registrations
The cost of players' registrations, including agents' fees, is capitalised and amortised over the period of the respective players' contracts in accordance with Financial Reporting Standard 10 'Accounting for goodwill and intangible assets'. The transfer fee levy refund received during the year is credited against additions to intangible assets.

When a playing contract is extended, any costs associated with securing the extensions are added to the unamortised balance (at the date of the amendment) and the revised book value is amortised over the remaining revised contract period.

(viii) Contingent Appearance Fees
Where the directors consider the likelihood of a player meeting future appearance criteria specified in the transfer agreement of the player to be probable, provision for this cost is made (see note 17). If the likelihood of meeting these criteria is merely possible not probable, then no provision is made but the potential obligations are disclosed as contingent liabilities (see note 22).

(ix) Signing-on Fees and Loyalty Bonuses
Signing-on fees and loyalty bonuses represent a normal part of the employment cost of the player and as such are charged to the profit and loss account in the period in which the payment becomes due, except in the circumstances of a player disposal. In that case any remaining signing-on fees and loyalty bonuses due are allocated in full against profit or loss on disposal of players' registrations in the year in which the player disposal is made. Those instalments due in the future on continued service are not provided for but are noted as contingent liabilities (see note 22).

(x) Investments
Investments held as fixed assets are stated at cost less any provision for impairment.

(xi) Lease Rentals
Where the company enters into a lease which entails substantially taking all the risks and rewards of ownership of an asset the lease is treated as a finance lease. Assets acquired under finance leases are capitalised and depreciated over the shorter of their lease term or their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease even when payments are not made on such a basis.

(xii) Foreign Currency Transactions
Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are recognised in the profit and loss account.

(xiii) Pensions
Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"; "the Scheme"), a defined benefit scheme. As one of a number of participating employers in the FLLPLAS, the Group is advised only of its share of the Scheme's deficit and recognises a liability in respect of this. As a result, the contributions paid to the scheme reduce the provision. The Group is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reliable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the Scheme as if it were a defined contribution scheme.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

2 TURNOVER	2012 £'000	2011 £'000
Turnover, all of which originates in the United Kingdom, can be analysed as follows:		
Gate receipts and programme sales	16,779	17,480
Broadcasting	52,790	52,890
Sponsorship, advertising and merchandising	7,068	6,800
Catering	924	877
Other commercial activities	2,970	3,974
	80,531	**82,021**

3 OPERATING EXPENSES	2012 £'000	2011 £'000
Amortisation of players' registrations (note 10)	12,852	16,620
Staff costs (note 7)	63,389	58,026
Depreciation (note 11)	820	970
Other operating costs	22,724	23,554
Total operating expenses	**99,785**	**99,170**

4 OPERATING LOSS	2012 £'000	2011 £'000
The operating loss is stated after charging / (crediting):		
Depreciation - property	254	365
Depreciation - other	566	605
Amortisation of grants	(38)	(40)
Operating lease rentals		
Motor vehicles	222	281
Office equipment	121	90
Land and properties	1,277	1,477
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the company's annual accounts	36	34
Fees payable to the company's auditor for the audit of the company's subsidiaries	6	6
Total audit fees	**42**	**40**
Other non-audit services		
Tax services	177	309
Other services	83	24
Total non-audit fees	**260**	**333**

5 INTEREST RECEIVABLE AND SIMILAR INCOME	2012 £'000	2011 £'000
Bank interest receivable	112	13

6 INTEREST PAYABLE AND SIMILAR CHARGES	2012 £'000	2011 £'000
Bank overdrafts	859	727
Finance leases and hire purchase agreements	5	5
Other loans	3,241	3,403
	4,105	**4,135**

Included in interest on other loans is interest of £1,891,000 (2011: £1,954,000) on loans not wholly repayable in full within five years.

7 PARTICULARS OF EMPLOYEES	2012 Number	2011 Number
The average weekly number of employees during the year was as follows:		
Playing, training and management	87	85
Youth Academy	31	30
Marketing and Media	27	27
Management and Administration	48	55
Maintenance, Security, Pitch and Ground Safety	35	41
	228	**238**

In addition, the Group employed an average of 400 temporary staff on matchdays (2011: 428).

Aggregate payroll costs for the above employees were as follows:	2012 £'000	2011 £'000
Wages and salaries	55,549	49,225
Social security costs	7,465	6,111
Other pension costs	375	2,690
	63,389	**58,026**

Directors' Remuneration
The Directors of the Company received no remuneration during the year (2011: £nil).

8 TAX ON LOSS ON ORDINARY ACTIVITIES
There was no tax charge in the year (2011: £nil).

a) Factors affecting the tax charge for the current year
The tax assessed for the year is lower than that resulting from applying the effective standard rate of corporation tax in the UK: 25.67% (2011: 27.67%).

	2012	2011
	£'000	**£'000**
Loss on ordinary activities before taxation	(9,106)	(5,413)
Tax on loss on ordinary activities at the standard rate	(2,338)	(1,498)
Expenses not deductible for tax purposes / (non-taxable income)	730	1,535
Depreciation in excess of capital allowances	234	200
Other short term timing differences	141	(20)
Excess of book profits relative to taxable profits on sale of fixed assets	-	(348)
Land remediation relief	(1)	-
Losses carried forward	1,234	140
Group relief	-	68
Tax losses utilised	-	(77)
Current tax charge for the year	**-**	**-**

b) Factors that may affect the future tax charge
A deferred tax asset of £15.0m (2011: £14.4m) has not been recognised. The asset will be recovered when relevant profits are available against which the timing differences concerned will be offset.

9 COMPANY PROFIT AND LOSS ACCOUNT
The Company has taken advantage of Section 408 of the Companies Act 2006 and has not presented its own profit and loss account.
The Company's loss for the year was £9,109,000 (2011: £5,414,000).

	TOTAL
10 INTANGIBLE FIXED ASSETS - GROUP AND COMPANY	**£'000**
Cost	
At 1st June 2011	91,990
Additions in the year	9,443
Disposals in the year	(28,858)
At 31st May 2012	**72,575**
Amortisation	
At 1st June 2011	58,662
Provided during the year	12,852
Eliminated on disposals	(22,866)
At 31st May 2012	**48,648**
Net book value	
At 31st May 2012	**23,927**
At 31st May 2011	33,328

11 TANGIBLE FIXED ASSETS

	Properties	Plant and equipment	Vehicles	Total
GROUP	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation				
At 1st June 2011	11,142	9,106	112	20,360
Additions in the year	-	428	-	428
Disposals in the year	-	(9)	-	(9)
At 31st May 2012	**11,142**	**9,525**	**112**	**20,779**
Depreciation				
At 1st June 2011	5,583	7,892	98	13,573
Provided during the year	254	554	12	820
On disposals	-	(8)	-	(8)
At 31st May 2012	**5,837**	**8,438**	**110**	**14,385**
Net book value				
At 31st May 2012	**5,305**	**1,087**	**2**	**6,394**
At 31st May 2011	5,559	1,214	14	6,787

	Properties	Plant and equipment	Vehicles	Total
COMPANY	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation				
At 1st June 2011	42	9,106	112	9,260
Additions in the year	-	428	-	428
Disposals in the year	-	(9)	-	(9)
At 31st May 2012	**42**	**9,525**	**112**	**9,679**
Depreciation				
At 1st June 2011	20	7,892	98	8,010
Provided during the year	7	554	12	573
On disposals	-	(8)	-	(8)
At 31st May 2012	**27**	**8,438**	**110**	**8,575**
Net book value				
At 31st May 2012	**15**	**1,087**	**2**	**1,104**
At 31st May 2011	22	1,214	14	1,250

11 TANGIBLE FIXED ASSETS (CONTINUED)
The Club's premises at Goodison Park, the equipment and contents (but not including computer equipment or motor vehicles), together with an immaterial amount of residential properties were revalued at £12,272,550 by John Foord & Company as at 31st May 1999.

The freehold buildings at Goodison Park were valued at depreciated replacement cost, and the land at open market value for its existing use.
The freehold land of £650,000 (2011: £650,000) has not been depreciated. The residential properties have been revalued at open market value basis with the benefit of full vacant possession or subject to and with the benefit of the various leases/agreements as appropriate.

If the freehold properties had not been revalued regularly since 1983 they would have been included at the following amounts on the basis previously appertaining:

	2012	2011
	£'000	£'000
Cost	9,146	9,146
Aggregate depreciation	(5,010)	(4,887)
Net book value	**4,136**	**4,259**

12 INVESTMENTS

FIXED ASSET INVESTMENTS	Subsidiary undertakings
Company	**£**
Cost	
At 1st June 2011 and 31st May 2012	5
Net book value	
At 1st June 2011 and 31st May 2012	5

Details of the principal operating subsidiaries as at 31st May 2012, all registered in England and Wales, were as follows:

Name of Company	% owned	Nature of business
Goodison Park Stadium Limited	100	Provision of football entertainment facilities
Everton Investments Limited	100	Issuer of loan notes
The Everton Ladies Football Club Limited	100	Professional football club

CURRENT ASSET INVESTMENTS
Group
Current asset investments consist of four month treasury deposits of £2,767,000 (2011: £2,767,000).

13 LEASE COMMITMENTS

The Group and Company has operating lease commitments to meet during the next year in respect of land and property leases, motor vehicles and office equipment, as follows:

	Land and properties		Other		Total	
	2012	2011	2012	2011	2012	2011
	£'000	£'000	£'000	£'000	£'000	£'000
Expiring within one year	5	-	108	18	113	18
Expiring between two and five years	-	-	33	247	33	247
Expiring in more than five years	1,341	1,217	-	-	1,341	1,217
	1,346	**1,217**	**141**	**265**	**1,487**	**1,482**

	Group		Company	
	2012	2011	2012	2011
14 DEBTORS	£'000	£'000	£'000	£'000
Trade debtors	5,719	9,056	5,108	8,991
Other debtors	1	1	-	-
Prepayments and accrued income	2,336	2,044	2,273	2,004
	8,056	**11,101**	**7,381**	**10,995**

	Group		Company	
	2012	2011	2012	2011
15 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	£'000	£'000	£'000	£'000
Bank overdraft (secured)	11,015	9,075	12,510	10,774
Other loans (see note 16)	14,898	14,866	14,000	14,033
Obligations under finance lease and hire purchase agreements	39	39	39	39
Trade creditors	6,699	6,807	6,693	6,798
Amounts due to subsidiaries	-	-	21,286	21,628
Social security and other taxes	6,394	7,148	7,120	8,165
Accruals and deferred income	18,121	18,050	8,995	9,245
	57,166	**55,985**	**70,643**	**70,682**

16 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Other loans (see borrowings below)	22,791	23,654	-	-
Obligations under finance lease and hire purchase agreements	8	47	8	47
Trade creditors	975	3,057	975	3,057
Accruals and deferred income	3,402	5,246	2,431	4,237
	27,176	**32,004**	**3,414**	**7,341**

BORROWINGS

Group	Bank overdraft		Other loans		Finance leases and hire purchase		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings Payable by instalments:								
Within one year	11,015	9,075	14,898	14,866	39	39	25,952	23,980
Between one and two years	-	-	968	898	8	47	976	945
Between two and five years	-	-	3,381	3,137	-	-	3,381	3,137
After more than five years	-	-	18,746	19,959	-	-	18,746	19,959
Prepaid finance costs	-	-	(304)	(340)	-	-	(304)	(340)
	11,015	**9,075**	**37,689**	**38,520**	**47**	**86**	**48,751**	**47,681**

Company	Bank overdraft		Other loans		Finance leases and hire purchase		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings Payable by instalments:								
Within one year	12,510	10,774	14,000	14,033	39	39	26,549	24,846
Between one and two years	-	-	-	-	8	47	8	47
	12,510	**10,774**	**14,000**	**14,033**	**47**	**86**	**26,557**	**24,893**

16 BORROWINGS (CONTINUED)
The bank overdraft is principally secured via a lightweight floating charge over all the assets and undertakings (excluding Goodison Park Stadium) of the Company.

Other loans include £23,993,000 of loan notes (2011: £24,860,000) which are repayable in annual instalments over a 25 year period at a fixed interest rate of 7.79%. The first payment under the agreement was made on 30th September 2002 amounting to £1,588,000 with subsequent annual payments of £2,767,000 (including interest) starting on 30th 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 original £30,000,000 loan, and are contained within prepaid finance costs and charged to the profit and loss in line with the interest charge over a period of 25 years.

Other loans also include £14,000,000 (2011: £14,000,000) secured by legal charges over the Company's guaranteed Premier League broadcast revenues. This loan incurs interest at a rate of 8.9% and was repaid in August 2012. The group has obtained further funding post year end as described in note 1.

	Group and Company		
	Pensions (note 23)	Contingent appearance fees (note 1)	Total
17 PROVISION FOR LIABILITIES	**£'000**	**£'000**	**£'000**
At 1st June 2011	289	892	1,181
Utilised in the year	(58)	(892)	(950)
Provided in the year	607	257	864
At 31st May 2012	**838**	**257**	**1,095**

There are no amounts provided for deferred tax at 31st May 2012 or 31st May 2011.

	2012	2011
18 EQUITY SHARE CAPITAL	**£'000**	**£'000**
Allotted, issued and fully paid		
35,000 ordinary shares of £1 each	35	35

19 RESERVES

	Share premium account	Revaluation reserve	Profit & loss account
Group	**£'000**	**£'000**	**£'000**
Balance at 1st June 2011	24,968	3,049	(63,239)
Loss for the year	-	-	(9,106)
Balance at 31st May 2012	**24,968**	**3,049**	**(72,345)**

	Share premium account	Revaluation reserve	Profit & loss account
Company	**£'000**	**£'000**	**£'000**
Balance at 1st June 2011	24,968	1,165	(59,799)
Loss for the year	-	-	(9,109)
Balance at 31st May 2012	**24,968**	**1,165**	**(68,908)**

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2012	2011
Group	**£'000**	**£'000**
Loss for the year and net movement in shareholders' deficit	(9,106)	(5,413)
Opening shareholders' deficit	(35,187)	(29,774)
Closing shareholders' deficit	**(44,293)**	**(35,187)**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

21 CASH FLOW STATEMENT

	2012	2011
	£'000	£'000
a) Reconciliation of operating loss to net cash (outflow) / inflow from operating activities		
Loss before interest and tax	(5,113)	(1,291)
Profit on disposal of players' registrations	(14,141)	(7,426)
Profit on disposal of tangible fixed assets	-	(8,432)
Operating loss	**(19,254)**	**(17,149)**
Depreciation charge	820	970
Amortisation of grants	(38)	(40)
Amortisation of players' registrations	12,852	16,620
(Increase) / decrease in debtors	(1,088)	470
Increase / (decrease) in provisions	549	(58)
(Decrease) / increase in creditors	(1,008)	1,093
Net cash (outflow) / inflow from operating activities	**(7,167)**	**1,906**

	At 1st June 2011	Cash flows	Non cash movements	At 31st May 2012
b) Analysis of changes in net debt	**£'000**	**£'000**	**£'000**	**£'000**
Bank overdraft	(9,075)	(1,940)	-	(11,015)
	(9,075)	**(1,940)**	**-**	**(11,015)**
Debt due within one year	(14,866)	866	(898)	(14,898)
Debt due after one year	(23,654)	-	863	(22,791)
Finance lease and hire purchase agreements	(86)	39	-	(47)
Current asset investments	2,767	-	-	2,767
	(44,914)	**(1,035)**	**(35)**	**(45,984)**

	2012	2011
c) Reconciliation of movements in net debt	**£'000**	**£'000**
Decrease in cash in the year	(1,940)	(3,929)
Cash outflow from decrease in net debt	866	3,873
Cash outflow from decrease in finance lease and hire purchase financing	39	41
Change in net debt resulting from cash flows in the year	(1,035)	(15)
Non cash movements	(35)	(36)
Net debt as at 1st June 2011 / 2010	(44,914)	(44,863)
Net debt as at 31st May 2012 / 2011	**(45,984)**	**(44,914)**

22 CONTINGENT LIABILITIES

No provision is included in the accounts for transfer fees of £7,424,000 (2011: £7,585,000) which are, as at 31st May 2012, contingent upon future appearances of certain players; or signing-on fees and loyalty bonuses, as at 31st May 2012, of £5,398,000 (2011: £6,427,000) which would become due to certain players if they are still in the service of the Club on specific future dates.

23 PENSIONS

Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme (''FLLPLAS''; ''the Scheme''), a defined benefit scheme. As one of a number of participating employers in the FLLPLAS, the Group is advised only of its share of the Scheme's deficit and recognises a liability in respect of this.
As a result, the contributions paid to the scheme reduce the provision. The Group is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reliable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the Scheme as if it were a defined contribution scheme. In May 2012 a further MFR deficit was identified in the Scheme, which increased the outstanding deficit allocated to the Group by £607,000 resulting in an increase in contributions advised by the Actuary.

Contributions are also paid into individuals private pension schemes. Total contributions across all schemes during the year amounted to £375,000 (2011: £2,690,000).

24 POST BALANCE SHEET EVENTS

Since 31st May 2012, the Club has entered into transfer agreements for confirmed contracted net transfer fees receivable of £1,092,000.

25 FRS 8 - RELATED PARTY TRANSACTIONS

Everton In The Community is a registered Charity (Number 1099366) incorporated on 31st July 2003 and began trading on 1st June 2004. The Charity operates separately from the Group hence has not been consolidated in the Group results, but as at 31st May 2012 Everton Football Club Company Limited employees held two of the six Trustee positions at the Charity. During the year Everton Football Club Company Limited incurred net operating costs of £120,000 (2011: £204,000) on behalf of the Charity.

26 CAPITAL COMMITMENTS

There were no capital commitments at 31st May 2012 or 31st May 2011.

FIRST TEAM RESULTS 2011/12

DATE	OPPONENT		RESULT	ATTENDANCE	POINTS	POSITION
20.08.11	**QUEENS PARK RANGERS**	**H**	**0-1**	**35,008**	**-**	**18**
24.08.11	SHEFFIELD UNITED - CARLING CUP R2	H	3-1	17,173	-	-
27.08.11	BLACKBURN ROVERS	A	1-0	22,826	3	10
10.09.11	**ASTON VILLA**	**H**	**2-2**	**32,736**	**4**	**10**
17.09.11	**WIGAN ATHLETIC**	**H**	**3-1**	**31,576**	**7**	**7**
21.09.11	WEST BROMWICH ALBION - CARLING CUP R3	H	2-1	17,647	-	-
24.09.11	MANCHESTER CITY	A	0-2	47,293	7	9
01.10.11	**LIVERPOOL**	**H**	**0-2**	**39,510**	**7**	**11**
15.10.11	CHELSEA	A	1-3	41,789	7	13
23.10.11	FULHAM	A	3-1	25,646	10	13
26.10.11	**CHELSEA - CARLING CUP R4**	**H**	**1-2**	**23,170**	**-**	**-**
29.10.11	**MANCHESTER UNITED**	**H**	**0-1**	**35,494**	**10**	**16**
05.11.11	NEWCASTLE UNITED	A	1-2	50,671	10	16
19.11.11	**WOLVERHAMPTON WANDERERS**	**H**	**2-1**	**33,593**	**13**	**12**
26.11.11	BOLTON WANDERERS	A	2-0	24,058	16	8
04.12.11	**STOKE CITY**	**H**	**0-1**	**33,219**	**16**	**10**
10.12.11	ARSENAL	A	0-1	60,062	16	12
17.12.11	**NORWICH CITY**	**H**	**1-1**	**31,004**	**17**	**14**
21.12.11	**SWANSEA CITY**	**H**	**1-0**	**32,004**	**20**	**11**
26.12.11	SUNDERLAND	A	1-1	43,619	21	10
01.01.12	WEST BROMWICH ALBION	A	1-0	23,038	24	9
04.01.12	**BOLTON WANDERERS**	**H**	**1-2**	**29,561**	**24**	**11**
07.01.12	TAMWORTH - FA CUP R3	H	2-0	27,564	-	-
11.01.12	TOTTENHAM HOTSPUR	A	0-2	36,132	24	11
14.01.12	ASTON VILLA	A	1-1	31,853	25	10
21.01.12	**BLACKBURN ROVERS**	**H**	**1-1**	**32,464**	**26**	**14**
27.01.12	FULHAM - FA CUP R4	H	2-1	25,300	-	-
31.01.12	**MANCHESTER CITY**	**H**	**1-0**	**29,856**	**29**	**9**
04.02.12	WIGAN ATHLETIC	A	1-1	18,340	30	11
11.02.12	**CHELSEA**	**H**	**2-0**	**33,924**	**33**	**10**
18.02.12	BLACKPOOL - FA CUP R5	H	2-0	38,347	-	-
03.03.12	QUEENS PARK RANGERS	A	1-1	18,033	34	11
10.03.12	**TOTTENHAM HOTSPUR**	**H**	**1-0**	**34,992**	**37**	**9**
13.03.12	LIVERPOOL	A	0-3	44,921	37	9
17.03.12	SUNDERLAND - FA CUP QF	H	1-1	38,875	-	-
21.03.12	**ARSENAL**	**H**	**0-1**	**30,330**	**37**	**10**
24.03.12	SWANSEA CITY	A	2-0	20,509	40	9
27.03.12	SUNDERLAND - FA CUP QF REPLAY	A	2-0	43,140	-	-
31.03.12	**WEST BROMWICH ALBION**	**H**	**2-0**	**32,051**	**43**	**7**
07.04.12	NORWICH CITY	A	2-2	26,554	44	7
09.04.12	**SUNDERLAND**	**H**	**4-0**	**32,249**	**47**	**7**
14.04.12	LIVERPOOL - FA CUP SF		1-2	87,231	-	-
22.04.12	MANCHESTER UNITED	A	4-4	75,522	48	7
28.04.12	**FULHAM**	**H**	**4-0**	**31,885**	**51**	**7**
01.05.12	STOKE CITY	A	1-1	26,500	52	7
06.05.12	WOLVERHAMPTON WANDERERS	A	0-0	25,466	53	7
13.05.12	**NEWCASTLE UNITED**	**H**	**3-1**	**39,517**	**56**	**7**

BARCLAYS PREMIER LEAGUE FINAL LEAGUE PLACINGS 2011/12 AND FIXTURES 2012/13

FINAL LEAGUE PLACINGS 2011/12		HOME					AWAY						
	P	W	D	L	F	A	W	D	L	F	A	GL DIF.	PTS
MANCHESTER CITY	38	18	1	0	55	12	10	4	5	38	17	**64**	**89**
MANCHESTER UNITED	38	15	2	2	52	19	13	3	3	37	14	**56**	**89**
ARSENAL	38	12	4	3	39	17	9	3	7	35	32	**25**	**70**
TOTTENHAM HOTSPUR	38	13	3	3	39	17	7	6	6	27	24	**25**	**69**
NEWCASTLE UNITED	38	11	5	3	29	17	8	3	8	27	34	**5**	**65**
CHELSEA	38	12	3	4	41	24	6	7	6	24	22	**19**	**64**
EVERTON	**38**	**10**	**3**	**6**	**28**	**15**	**5**	**8**	**6**	**22**	**25**	**10**	**56**
LIVERPOOL	38	6	9	4	24	16	8	1	10	23	24	**7**	**52**
FULHAM	38	10	5	4	36	26	4	5	10	12	25	**-3**	**52**
WEST BROMWICH ALBION	38	6	3	10	21	22	7	5	7	24	30	**-7**	**47**
SWANSEA CITY	38	8	7	4	27	18	4	4	11	17	33	**-7**	**47**
NORWICH CITY	38	7	6	6	28	30	5	5	9	24	36	**-14**	**47**
SUNDERLAND	38	7	7	5	26	17	4	5	10	19	29	**-1**	**45**
STOKE CITY	38	7	8	4	25	20	4	4	11	11	33	**-17**	**45**
WIGAN ATHLETIC	38	5	7	7	22	27	6	3	10	20	35	**-20**	**43**
ASTON VILLA	38	4	7	8	20	25	3	10	6	17	28	**-16**	**38**
QUEENS PARK RANGERS	38	7	5	7	24	25	3	2	14	19	41	**-23**	**37**
BOLTON WANDERERS	38	4	4	11	23	39	6	2	11	23	38	**-31**	**36**
BLACKBURN ROVERS	38	6	1	12	26	33	2	6	11	22	45	**-30**	**31**
WOLVERHAMPTON WANDERERS	38	3	3	13	19	43	2	7	10	21	39	**-42**	**25**

FIXTURES 2012/13

DATE	OPPONENT	
20.08.12	**MANCHESTER UNITED**	**H**
25.08.12	ASTON VILLA	A
29.08.12	**LEYTON ORIENT - CAPITAL ONE CUP R2**	**H**
01.09.12	WEST BROMWICH ALBION	A
17.09.12	**NEWCASTLE UNITED**	**H**
22.09.12	SWANSEA CITY	A
25.09.12	LEEDS UNITED - CAPITAL ONE CUP R3	A
29.09.12	**SOUTHAMPTON**	**H**
06.10.12	WIGAN ATHLETIC	A
21.10.12	QUEENS PARK RANGERS	A
28.10.12	**LIVERPOOL**	**H**
03.11.12	FULHAM	A
10.11.12	**SUNDERLAND**	**H**
17.11.12	READING	A
24.11.12	**NORWICH CITY**	**H**
28.11.12	**ARSENAL**	**H**
01.12.12	MANCHESTER CITY	A
09.12.12	**TOTTENHAM HOTSPUR**	**H**
15.12.12	STOKE CITY	A
22.12.12	WEST HAM UNITED	A
26.12.12	**WIGAN ATHLETIC**	**H**
30.12.12	**CHELSEA**	**H**
02.01.13	NEWCASTLE UNITED	A

DATE	OPPONENT	
07.01.13	CHELTENHAM TOWN - FA CUP R3	A
12.01.13	**SWANSEA CITY**	**H**
21.01.13	SOUTHAMPTON	A
26.01.13	FA CUP R4	
30.01.13	**WEST BROMWICH ALBION**	**H**
02.02.13	**ASTON VILLA**	**H**
10.02.13	MANCHESTER UNITED	A
16.02.13	FA CUP R5	
23.02.13	NORWICH CITY	A
02.03.13	**READING**	**H**
09.03.13	ARSENAL	A
09.03.13	FA CUP R6	
16.03.13	**MANCHESTER CITY**	**H**
30.03.13	**STOKE CITY**	**H**
06.04.13	TOTTENHAM HOTSPUR	A
13.04.13	**QUEENS PARK RANGERS**	**H**
14.04.13	FA CUP SEMI FINAL	
20.04.13	SUNDERLAND	A
27.04.13	**FULHAM**	**H**
04.05.13	LIVERPOOL	A
11.05.13	FA CUP FINAL	
12.05.13	**WEST HAM UNITED**	**H**
19.05.13	CHELSEA	A

Honours List

FIRST DIVISION CHAMPIONS
1890/91, 1914/15, 1927/28, 1931/32, 1938/39, 1962/63, 1969/70, 1984/85, 1986/87

RUNNERS-UP
1889/90, 1894/95, 1901/02, 1904/05, 1908/09, 1911/12, 1985/86

SECOND DIVISION CHAMPIONS
1930/31

RUNNERS-UP
1953/54

FA CUP WINNERS
1906, 1933, 1966, 1984, 1995

RUNNERS-UP
1893, 1897, 1907, 1968, 1985, 1986, 1989, 2009

FOOTBALL LEAGUE CUP RUNNERS-UP
1976/77, 1983/84

FA CHARITY SHIELD WINNERS
1928, 1932, 1963, 1970, 1984, 1985, 1987, 1995, SHARED: 1986

EUROPEAN CUP-WINNERS' CUP WINNERS
1984/85

FA YOUTH CUP WINNERS
1964/65, 1983/84, 1997/98

RUNNERS-UP
1960/61, 1976/77, 1982/83, 2001/02