



Everton Football Club Company Limited

Annual Report and Accounts 2008



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Directors and Advisors

Directors

W Kenwright CBE Chairman

J V Woods Deputy Chairman

R I Earl

Sir P D Carter CBE

Acting Chief Executive

R Elstone

Company Secretary

M J Evans

Registered Office

Goodison Park

Liverpool

L4 4EL

Auditors

Deloitte LLP

Chartered Accountants & Registered Auditors

Horton House

Exchange Flags

Liverpool

L2 3PG

Bankers

Barclays Bank plc

Liverpool North Group

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L20 3EB

Registrars

Capita IRG

The Registry

Northern House

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Fenay Bridge

Huddersfield

West Yorkshire

HD8 0GA

Company Registration Number

36624



Chairman's Statement

One of the first pieces of wisdom to be imparted to anyone who chooses to transform a lifelong passion into a business proposition - as I did when I opted to combine the roles of supporter and Chairman - is that expectation levels within modern football are as unpredictable and volatile as any financial market.

It is, unquestionably, a measure of the steady progress which I feel our great Club continues to make that last season's final placing of fifth, in what remains Europe's toughest League, was greeted with a combination of delight and slight disappointment. Don't get me wrong - finishing just behind the Premier League's acknowledged "big four" - and comfortably ahead of the likes of Manchester City, Aston Villa and Tottenham Hotspur - was a laudable achievement and yet, such is the desire both within our fan-base and inside the Club itself for a return to greater glories, there was an air of quiet satisfaction rather than smug, self-congratulation. We have laid claim to a Champions' League berth already during David Moyes' tenure and we shall strive to do it again; that is what all of us want - that remains our primary, non-negotiable objective.

As is invariably the case, the last 12 months somehow succeeded in producing a heady cocktail of highs and lows away from the field of play yet the one constant, the true steadying influence, was the performances of a team which continued to mature and grow in stature. As ever, David was fully supported, both by myself and my fellow Directors - something which I have repeatedly stressed is absolutely crucial if we are to build a future that is both enduring and meaningful. In successive seasons we have secured the funds to exceed the previous Club transfer record and I feel certain that the investment of £15 million on the 20 year old Belgian international Marouane Fellaini will come to represent sound and sensible business in the years ahead. Of course, our determination to ensure that our first-team squad is constantly upgraded has had an effect on the Club's balance sheet but, as ever, we have benefited from what I would call sensible and careful fiscal management during a period which was, in pure financial terms, hugely challenging.

The one facet of our Club which always fills me with joy - but which, in truth, never actually surprises me - is the magnificent level of support we continue to enjoy. It is almost taken as read that our supporters - in my opinion the most loyal in British football - will assemble in their many thousands to fill Goodison every fortnight or so but I want to make special mention of our away support. It really doesn't matter where we go on our travels - be it the Ukraine, Portsmouth, Germany or Wigan - the Evertonian army is there in huge numbers, not simply to urge on the team, but also to strengthen the enviable links between player and supporter. If you should ever have the opportunity to spend a few minutes with our Club captain, Phil Neville, he will tell you just how much this means to those who have the honour to pull on the blue shirts.

Over the course of the past year, the fine-tuning has continued at our Finch Farm training ground and I know that our players - at both senior and youth level - are fully enamoured of what is one of the most technically-advanced centres of its type in football. When it was first conceived, Finch Farm did represent a daunting, ambitious and, yes, costly, project but it was worth it and many generations of future Everton footballers will, I feel certain, benefit from passing through its doors.

As I write these words a project whose significance is lost on no-one and which has dominated our thoughts, deeds and actions for the best part of three years has moved into extra-time. The Destination Kirkby scheme was "called in" by the Government for a public inquiry which means we must wait a little longer before learning whether or not we have secured a new

home in nearby Kirkby. The debate over whether or not we should vacate the Grand Old Lady of Goodison for a new facility more in keeping with the 21st century does, of course, continue to rage.

We have all had our say over the past 18 months or so and whilst we might never achieve total unanimity on what I concede to be a vexed and controversial subject, we shall all continue to enjoy a shared goal in terms of our Club's future.

On behalf of you all may I express my sincere and heartfelt thanks to our diligent matchday staff and to those members of the emergency services who continue to ensure the safety and comfort of all those who visit Goodison Park. My personal thanks also go to each and every member of the Everton staff be they full or part-time. As ever, they performed their duties with enthusiasm and great professionalism throughout what was another very demanding season. After almost four years, we said goodbye to our Chief Executive Officer, Keith Wyness - he leaves with our good wishes for the future.

On a personal note, I would like to thank our acting CEO, Robert Elstone, my fellow Directors and the Club's Heads of Department for their continued support and unwavering encouragement. Robert took over the reigns with little or no time for real preparation and he has done, and continues to do, a terrific job. May I also place on record my thanks to the Club's bankers, Barclays plc, and to the Club's various sponsors, all of whom have provided invaluable support throughout the year. I remain proud to be the Chairman of what I have always believed to be the greatest football club in the world. It is a privilege and one I shall continue to work tirelessly for.

Bill Kenwright



Financial Review

The financial results reflect the first year of the new three year Premier League broadcasting deal, participation to the Round of 16 of the UEFA Cup and to the semi-final of the Carling Cup, and increased sponsorship revenue, together with further investment in the playing squad.

Turnover for the year totalled £75.7m (2007: £51.4m). This included an increase in gate receipts of £3.4m to £20.5m, primarily as a result of participation to the latter rounds of the UEFA Cup and Carling Cup, there being no UEFA Cup revenue in the prior year. In terms of Premier League matches, average attendances increased marginally to 36,904 (2007: 36,739).

Turnover from broadcasting increased to £46.6m (2007: £27.5m), reflecting the enhanced Premier League broadcasting deal which commenced at the start of the 2007/08 season, the improved finishing position of fifth in the Premier League and an increase in the number of live televised matches involving Everton. An increase in sponsorship revenue to £5.5m (2007: £4.6m) also contributed to the overall increase in turnover, together with additional income from media activities including The Everton Way, and prize money from the UEFA Cup.

The Club's annual wage bill as a proportion of turnover was 59%, which reflects a more appropriate level of investment in staff costs compared with the prior year wage bill as a proportion of turnover of 75%. This reduction primarily arises from the significant additional revenue generated in the 2007/08 season as detailed above, however this reduction was despite significant further investment in the playing squad during the year. This investment was made to remain competitive in the Premier League and contributed to the successful fifth place finish in the Premier League and participation to the latter

stages of two cup competitions in the 2007/08 season. The total wage bill increased to £44.5m (2007: £38.4m) and we will continue to closely monitor this cost and take appropriate action as required.

In addition to the increased wage costs, significant maintenance costs of over £1 million were again incurred in maintaining the Goodison Park stadium to a standard acceptable for Premier League and European matches. Further significant increases in operating costs were also incurred in the year following the opening of the new Finch Farm training facility. The additional operating costs compared with those incurred at Bellefield are seen as a necessary investment to provide the appropriate training facilities required by both first team players and academy players at a Premier League club of Everton's standing. Additional costs were also incurred as a result of the participation to the latter stages of the UEFA Cup and Carling Cup. Overall operating expenses (excluding amortisation of players' registrations) increased to £68.8m (2007: £51.9m).

As a result of the increased turnover, and despite the further investment in the playing squad and the new Finch Farm training facility, we are pleased to report that we have recorded an operating profit before player trading of £6.8m (2007: loss of £0.5m). The inclusion of the amortisation of players' registrations of £12.3m (2007: £10.4m) means that in the current year we are reporting an operating loss of £5.5m (2007: £10.9m).

In terms of player trading we recorded a profit of £9.2m (2007: £4.0m) on disposal of players' registrations, principally arising from the sales of James McFadden to Birmingham City and James Beattie and Gary Naysmith to Sheffield United.

When we incorporate the annual interest charge of £3.9m (2007: £2.9m), principally arising from the servicing of the securitised debt and the bank overdraft, as well as interest receivable, the accounts show a pre tax breakeven position (2007: loss of £9.4m).

Borrowings for the year have increased to £39.5m (2007: £29.2m) reflecting the increased investment in the playing squad, however, £23.1m (2007: £24.0m) is not due for repayment for more than five years. The net debt position now stands at £36.8m (2007: £26.4m).

As a result of the above trading including transfer activity the balance sheet shows a net liability position of £19.8m, unchanged from the prior year. However, it should be noted that the balance sheet contains £9.4m 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 2008/09 season hence will not require repayment. In addition, £23.1m of borrowings are not repayable for more than five years and the balance sheet attributes no value in respect of the increasing number of home grown players such as Tony Hibbert, Leon Osman, James Vaughan, Victor Anichebe, Jack Rodwell and Jose Baxter.

In terms of cash flows, the cash inflow from operating activities was £10.6m (2007: £2.7m). After net payments for interest of £3.8m, net capital expenditure (including expenditure on player transfers) of £16.9m and net loan repayments of £0.8m, the decrease in cash for the year was £10.9m (2007: decrease of £4.7m).

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.

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.

The Group also addresses industry risks through the attendance and participation of Club management at Premier League meetings, where risks and issues affecting Premier League clubs are discussed with representatives of other Premier League clubs, with a view to mitigating any such identified risks.

Marketing and Everton In The Community



Marketing

The Club's marketing has focused on developing and executing informed and relevant campaigns to support the Club's core revenue streams with the primary goal of filling Goodison Park and continuing to maintain the growth and loyalty of our fan base.

The management approach of the Club is to be fan led in all areas. Central to these ambitions has been the ongoing development of our integrated Customer Relationship Management (CRM) system. The Club is committed to becoming increasingly data-driven to maximise the effectiveness of its marketing activity and has recently enhanced its Marketing team with the appointment of Tom Shelston as Head of Marketing and Paul Nash as the Database Manager.

The Club has concentrated its efforts on increasing the number of channels whereby fans and customers can interact and transact with the Club. The installation of the TALENT ticketing system has facilitated online ticket purchases allowing specific seat selection and a 'Txt2ticket' sales channel was developed for roll out early in season 2008/09.

The Club has run an ongoing series of campaigns to grow the fan base. At the core of this work has been the introduction of various initiatives on Merseyside, providing discounted and fundraising tickets for local schools and clubs. These materials have been used by the Group Ticket Co-ordinator and are personalised to the school or organisation, providing children with the opportunity to see matches they may otherwise have been unable to attend.

The launch of the Everton Fan Centre has also made it easier for supporters to reach the relevant people at the Club and receive the necessary information.

Everton In The Community

This focussed approach within the local community works hand-in-hand with the outstanding work done within Everton In The Community.

Everton In The Community is the charitable arm of the Club and has enjoyed another successful year, underpinning the charity's strong reputation by engaging with more than 75,000 young people in the last year through a variety of innovative projects. The creation of Merseyside's first Mental Health football league is indicative of this work, whilst the award-winning Healthy Schools Bus scheme has been further enhanced by the introduction of a second bus focusing on the importance of exercise.

The charity's Grassroots Disability Programme has continued to excel, boasting one of the finest disability sports programmes in the UK with over 120 disability players representing Everton across 11 teams.

This work by Everton In The Community compliments the philosophy of the Club and ensures the charity continues to win the hearts and minds of the local community to ensure an ever-growing relationship between the community and the Club.

Filling Goodison

The Club's ongoing focus has been on filling the stadium on matchdays. In 2007/08, the average attendance for all fixtures was 36,596, which represents a 3% rise on 2006/07.

Goodison was full on nine occasions, with total attendances supported by a successful season ticket campaign and innovative ticket packages offered to local groups via Everton In The Community.

The Club secured over 3,800 new season ticket holders in the year and over the course of the season more than 5,600 tickets were issued to groups via the Everton In The Community ticketing initiative, of which 3,000 recipients attended an Everton match at Goodison for the first time.

The Club continues to be committed to improving ticket buying for fans. Investments have been made in new systems, whilst procedures were introduced which have measurably improved service and access to purchasing tickets. The Fan Centre, initially introduced towards the end of the 2006/07 season, is fully operational and providing services which include administrative support, match and season ticket sales, ticket and smartcard production, fulfillment, distribution, as well as the sales, production and fulfillment of the Evertonia membership.

Work has also been undertaken to enhance the e-ticketing system, thanks to the introduction of the TALENT CRM system. This work has resulted in record online sales for season tickets and match tickets during the year.

This work has been undertaken as part of our continued focus aimed at making it even easier and convenient for supporters to secure tickets.

Lounge occupancies were maintained in 2007/08, with most lounges selling quickly. This is down, in no small part, to the long standing and harmonious relationships forged with valued executive client-bases.

There was sustained growth in numbers in the Marquee during the year compared with 2006/07, although it continues to prove a challenge to the Filling Goodison team. The corporate sales team has been increased over the year, underlining the Club's determination to continue the increase in sales in both the lounges and the Marquee.

The strong relationship between the Club and the catering provider, Sodexo, continues to be a vital cornerstone of the matchday experience in the lounges. This has been reflected in the continued improvement in food provision and service levels.



Partnerships

The Commercial Department at Everton has continued to make substantial progress, with another period of sustained growth in 2007/08.

Commercially we continue to battle with the four clubs regularly involved in the UEFA Champions League and regarded as having a greater international profile in order to champion our Club across the global partnerships arena. We have once again shown that the partners that buy into the Club want to stay with us and become part of the Everton family.

Nowhere is this better illustrated than through our partnership with the Club's main sponsor Chang. Chang had relatively little international presence prior to the completion of its first partnership deal with Everton in 2004 and certainly as a brand was not recognised in many territories outside of its home base in Thailand. But since the inception of Chang's relationship with Everton their global beer sales have increased by 15% and as a brand recognition exercise they are now viewed by people in 202 countries. Accordingly, Chang have extended their relationship by signing Everton for a further 3-year term and we look forward to assisting them in the achievement of their objectives with the growth of the brand. A record multi-million pound deal is of significant benefit to Everton but as with all of our partners our objective is to ensure a return on that investment for Chang and we continue to achieve this through the implementation of a concerted international marketing strategy and a development plan to encompass such projects as the Chang / Everton Football Academy, strategic territory promotions and other key initiatives.

We have also extended our commercial partnerships with other key sponsors. Sportech, owners of the Littlewoods Pools brand, have been associated with the Club for many years and

as their business has evolved over that period, particularly in the gaming arena where they are market leaders, so too has their relationship with the Club. Although they have now stretched their footballing brand relationship to encompass a partnership with the Premier League, we are delighted that they have once more committed to an extended relationship with Everton which will take us beyond the 2010/11 season.

In the retail arena we have continued to flourish under the JJB banner and we have closed off another successful season - with kit/merchandise sales demonstrating year-on-year growth. The retail sector within any football club is an extremely competitive market and one that we are continually analysing in our endeavours to ensure that we, through our retail partner(s), provide quality products at competitive prices for our supporters.

In respect of our other commercial relationships we continue to receive excellent support from our key affinity partners. BT's relationship with the Club has served both parties well in the year and we approach the new season with plans for the development of that relationship. Everton's MasterCard (operated by Laser Financial Services, part of the BNP Paribas group - one of the largest banks in the world) continues to perform favourably and we are committed to developing the product with Laser to ensure high value benefits augment the intrinsic value of the card proposition.

The latter part of 2007 and 2008 has been a challenging time for the financial services industry as a whole but our partnership with Britannia has seen sustained growth.

On the betting front and further to our partnership with Sportech we have been delighted at the

progress with Paddy Power. They have recently re-signed for a further tenure.

We also extend our warm appreciation to our travel partner, Thomas Cook, arguably the leaders in their field and of great support to the Club over the last season with their expertise and experience in European group travel that underpinned our successful UEFA Cup campaign.

Our objectives are to continue to develop the commercial opportunities within this great Club by introducing more high profile brands to the Club, either as Club sponsors or affinity partners. Without the continued support of our growing fan base our brand partnerships would not be able to report on such concerted commercial growth.



Media and Communications

In keeping with the Club's philosophy of remaining at the cutting edge of new media and communications, the department over the past 12 months has built on its already solid base of products and services.

The team is committed to providing our global fan base with the tools to be able to interact and engage with the Club on a daily basis, with much of the work focussed on the re-launch of the official website evertonfc.com.

The development process for the new site took place over the last six months of the year. The focal point of the re-launch was the introduction of a new social networking section of the site entitled YourEverton. Everton is the first Premier League Club to launch such a service.

Additional developments on the site included the introduction of new revenue streams through a dedicated web based email system funded by advertising and the introduction of video advertising.

Content remains king in all of our media properties and the investment made in this area with a renewed focus on live content has resulted in a year-on-year increase of 13.2% in subscriptions to evertonTV.

Our television output was further strengthened by launching a channel on the new introduced 'Windows Media Center' platform and the evertonTV On Demand service continues to grow in stature.

To supplement the work online we continued to enhance the EvertonMobile brand by introducing a new integrated service that will provide core content to the growing number of users. Our targets in this area are aggressive and with continued focus and a marketing led approach we are confident the brand can flourish.

Our new partnership will enable the service to be rolled out across on-portal network sites and other prominent WAP portals such as ITV Mobile. They also allow for international purchase of content through the website which will further increase the reach of this channel. A key priority in this area has been to branch out internationally. Total Sport Asia will be acting as agents across Asia offering content across a number of territories.

Focusing on the newer technologies can only serve to aid our business in the long-term and the introduction of Everton Bluetooth in the stadium demonstrates our commitment in this area. Goodison is now home to the largest concentration of Bluetooth nodes in Europe and this capability has allowed the Club to enhance the matchday experience along with introducing a new and innovative advertising-based revenue stream.

Elsewhere in the digital arena our evertonway.com project has gone from strength-to-strength with the Club establishing a strong presence inside North America after agreeing a number of key strategic partnerships.

The programme has allowed us to establish a grassroots programme in India, hold a tournament in the name of the Club in America alongside key involvement in two reality TV series' in Canada and China.

Broadcasting remains a key focus for the team and head of the department, Mark Rowan, spent the summer of 2007 building key relationships with the terrestrial broadcasters which resulted in better than expected broadcast revenues (£1.6 million) for our UEFA Cup run.

Record local radio deals were also achieved and the Club completed a second full season producing a 3-hour television programme for international audiences.

Our written publications continue to improve with the relaunch of both the matchday programme and Evertonian magazine whilst DVD production has increased. A number of quality titles were produced in the last year - including the revised Official history of Everton - and it resulted in our best ever year for DVD sales.

Finally, the department has also been actively enhancing the Club's reputation through it's involvement in a number of key events and initiatives which has resulted in additional positive PR locally, nationally and internationally.

Events such as October's breast cancer awareness campaign (pink shirt launch), the 'Mr Testicles' campaign (testicular cancer awareness) and the introduction of the NSPCC and Everton In The Community as the Club's nominated charities have also led to increased media exposure.





Directors' Report

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31st May 2008.

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, an indication of the likely future developments of its business and a description of principal, key performance indicators including wages to turnover ratio and operating profit before player trading, risks and uncertainties facing the Group are contained in the Chairman's Statement and the functional reviews set out on pages 4 to 9.

Dividend and Transfers to Reserves

The profit for the year amounted to £0.03m (2007: loss of £9.4m), which has been transferred to reserves. The Directors do not recommend the payment of a dividend (2007: £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, (or date of appointment where later) were as follows:

	Number of Shares	
	31st May 2008	31st May 2007
W Kenwright CBE	8,754	8,754
J V Woods	6,622	6,622
R I Earl	8,146	8,146
Sir P D Carter CBE (Appointed 09/08/08)	714	714
K Wyness (Resigned 29/07/08)	2	2

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group 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 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 proper accounting records that 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 1985. 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.

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.

Auditors

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 auditors are 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Approved by the Board on 5th December 2008 and signed on its behalf by

M J Evans, Company Secretary

Independent Auditors' 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 2008 which comprise the consolidated profit and loss account, the Group and Company balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses, the consolidated note of historic profits and losses and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the individual Company's affairs as at 31st May 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP
Chartered Accountants and Registered Auditors
Liverpool
United Kingdom
5th December 2008

Consolidated Profit and Loss Account
for the year ended 31st May 2008

	Notes	2008			2007
		Operations excluding player trading	Player trading	Total	Total
		£'000	£'000	£'000	£'000
Turnover	1,2	75,650	-	75,650	51,412
Operating expenses	3	(68,841)	(12,349)	(81,190)	(62,355)
Operating profit / (loss)	4	6,809	(12,349)	(5,540)	(10,943)
Profit on disposal of players' registrations		-	9,249	9,249	4,048
Profit on disposal of tangible fixed assets		11	-	11	263
Profit / (loss) before interest and taxation		6,820	(3,100)	3,720	(6,632)
Interest receivable and similar income	5			183	145
Interest payable and similar charges	6			(3,877)	(2,939)
Profit / (loss) on ordinary activities before taxation				26	(9,426)
Tax on profit / (loss) on ordinary activities	8			-	(1)
Profit / (loss) after taxation for the year transferred to / (from) reserves	19			26	(9,427)

All the above amounts derive from continuing operations.

There are no recognised gains and losses for the year ended 31st May 2008 and the prior year other than as stated in the profit and loss account, accordingly no statement of total recognised gains and losses is given.

Consolidated Note of Historical Cost Profits and Losses
for the year ended 31st May 2008

	2008	2007
	£'000	£'000
Profit / (loss) on ordinary activities before taxation	26	(9,426)
Difference between the historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	152	152
Historical cost profit / (loss) on ordinary activities before taxation	178	(9,274)
Historical cost profit / (loss) for the year retained after taxation	178	(9,275)

Group Balance Sheet
at 31st May 2008

	Notes	2008		2007	
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	10		39,435		26,486
Tangible Assets	11		9,886		10,267
			49,321		36,753
Current Assets					
Debtors	14	12,327		6,958	
Investments	12	2,767		2,767	
		15,094		9,725	
Creditors - Amounts falling due within one year	15	(50,931)		(32,483)	
Net Current Liabilities			(35,837)		(22,758)
Total Assets Less Current Liabilities			13,484		13,995
Creditors - Amounts falling due after more than one year	16		(32,849)		(33,298)
Provision for liabilities and charges	17		(396)		(484)
Net Liabilities			(19,761)		(19,787)
Capital and Reserves					
Called up share capital	18		35		35
Share premium account	19		24,968		24,968
Revaluation reserve	19		3,183		3,183
Profit and loss account - deficit	19		(47,947)		(47,973)
Equity shareholders' deficit	20		(19,761)		(19,787)

The financial statements were approved by the Board on the 5th December 2008 and signed on its behalf by

W Kenwright CBE
Director

Company Balance Sheet
at 31st May 2008

	Notes	2008		2007	
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	10		39,435		26,486
Tangible Assets	11		3,344		3,209
Investments	12		-		-
			42,779		29,695
Current Assets					
Debtors	14	12,189		6,699	
		12,189		6,699	
Creditors - Amounts falling due within one year	15	(66,918)		(48,497)	
Net Current Liabilities			(54,729)		(41,798)
Total Assets Less Current Liabilities			(11,950)		(12,103)
Creditors - Amounts falling due after more than one year	16		(5,861)		(5,646)
Provision for liabilities and charges	17		(396)		(484)
Net Liabilities			(18,207)		(18,233)
Capital and Reserves					
Called up share capital	18		35		35
Share premium account	19		24,968		24,968
Revaluation reserve	19		1,299		1,299
Profit and loss account - deficit	19		(44,509)		(44,535)
Equity shareholders' deficit			(18,207)		(18,233)

The financial statements were approved by the Board on the 5th December 2008 and signed on its behalf by

W Kenwright CBE
Director

**Consolidated Cash Flow Statement
for the year ended 31st May 2008**

	Notes	2008		2007	
		£'000	£'000	£'000	£'000
Cash inflow from operating activities	21a		10,613		2,731
Returns on investments and servicing of finance					
Interest received		173		126	
Interest paid		(3,959)		(2,800)	
Finance lease and hire purchase interest		(51)		(57)	
Net cash outflow from returns on investments and servicing of finance			(3,837)		(2,731)
Taxation			-		(1)
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(24,257)		(12,432)	
Purchase of tangible fixed assets		(1,223)		(787)	
Proceeds from the disposal of tangible fixed assets		11		330	
Proceeds from the disposal of intangible fixed assets		8,582		8,339	
Net cash outflow from capital expenditure and financial investment			(16,887)		(4,550)
Net cash outflow before financing			(10,111)		(4,551)
Financing					
New loans		198		500	
Repayment of loans		(717)		(640)	
Capital element of finance lease and hire purchase payments		(274)		(32)	
Net cash outflow from financing	21c		(793)		(172)
Decrease in cash	21b		(10,904)		(4,723)

Notes to the Accounts for the year ended 31st May 2008

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year. Certain comparatives have been reclassified to reflect changes in presentation.

(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 United Kingdom law and accounting standards.

(ii) Basis of Consolidation

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.

(iii) Turnover

Turnover is stated exclusive of value added tax, and match receipts are included net of percentage payments to visiting clubs, the Premier League, the Football Association and 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 elements of broadcasting revenues is recognised over the duration of the football season 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 financial year.

(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 installments 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) New Stadium Project

Costs incurred in relation to the planning application, design and associated elements of the Group's new stadium proposals have been charged to the profit and loss account. This policy will continue until the Group has obtained the necessary consents and has concluded its arrangements for financing the new stadium development; once this is in place costs directly attributable to the new stadium, including finance costs, will be capitalised.

(vi) 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.

(vii) 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.

(vii) 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.

(viii) Intangible Fixed Assets - Players' Registrations

The cost of players' registrations 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.

(ix) 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 possible, 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).

(x) Signing-on Fees and Loyalty Bonuses

Signing-on fees 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 is made, except in the circumstances of a player disposal. In that case any remaining signing-on fees 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 installments due in the future on continued service are not provided for but are noted as contingent liabilities (see note 22).

(xi) Investments

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

(xii) 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.

(xiii) 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.

Notes to the Accounts
for the year ended 31st May 2008

2 TURNOVER

	2008	2007
	£'000	£'000
Gate receipts and programme sales	20,460	17,090
Broadcasting	46,637	27,462
Sponsorship, advertising and merchandising	5,465	4,600
Catering	880	1,082
Other commercial activities	2,208	1,178
	75,650	51,412

3 OPERATING EXPENSES

	2008	2007
	£'000	£'000
Amortisation of players' registrations (note 10)	12,349	10,438
Staff costs (note 7)	44,480	38,427
Depreciation (note 11)	1,792	1,796
Other operating costs	21,078	11,694
Total operating expenses before exceptionals	79,699	62,355
New stadium project - exceptional	1,491	-
Total operating expenses	81,190	62,355

As described in note 1(v) costs relating to the planning application, design and associated elements of the new stadium project are being expensed until such time as the Group has in place all the appropriate consents and finance facilities to allow the project to proceed to completion.

4 OPERATING PROFIT / (LOSS)

	2008	2007
	£'000	£'000
The operating profit / (loss) is stated after charging / (crediting):		
Depreciation - property	753	751
Depreciation - other	1,039	1,045
Grants released	(98)	(98)
Operating lease rentals		
Motor vehicles	210	189
Office equipment	119	43
Land and properties	1,388	706
The analysis of auditors' remuneration is as follows:		
Fees payable to the company's auditors for the audit of the company's annual accounts	30	30
Fees payable to the company's auditors for the audit of the company's subsidiaries	5	5
Total audit fees	35	35
Other services pursuant to legislation		
Tax services	214	89
Corporate financial services	89	-
Other services	143	80
Total non-audit fees	446	169

Notes to the Accounts
for the year ended 31st May 2008

5 INTEREST RECEIVABLE AND SIMILAR INCOME

Bank interest receivable

2008	2007
£'000	£'000
183	145

6 INTEREST PAYABLE AND SIMILAR CHARGES

On bank overdrafts

On finance leases and hire purchase agreements

On other loans

2008	2007
£'000	£'000
1,626	606
51	57
2,200	2,276
3,877	2,939

Included in interest on other loans is interest of £2,118,000 (2007: £2,165,000) on loans not wholly repayable in full within five years.

7 PARTICULARS OF EMPLOYEES

The average weekly number of employees during the year was as follows:

Playing, training and management

Youth Academy

Football in the Community

Marketing and Media

Management and Administration

Maintenance, Security, Pitch and Ground Safety

Catering and Retail

2008	2007
Number	Number
80	73
25	25
1	1
27	28
46	43
31	30
-	2
210	202

In addition, the Group employed an average of 444 temporary staff on matchdays (2007: 425).

Aggregate payroll costs for the above employees were as follows:

Wages and salaries

Social security costs

Other pension costs

2008	2007
£'000	£'000
39,275	34,195
4,798	3,902
407	330
44,480	38,427

Directors' Remuneration

The Directors of the Company received the following remuneration:

Emoluments (excluding pension contributions)

Aggregate payments to pension schemes

Highest paid Director's remuneration:

Emoluments

2008	2007
£'000	£'000
438	395
32	31
470	426

Notes to the Accounts
for the year ended 31st May 2008

8 TAXATION ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

a) Factors affecting the tax charge for the current year

The tax assessed for the period is disproportionate to that resulting from applying the standard rate of corporation tax in the UK: 28% (2007: 30%).

	2008	2007
	£'000	£'000
Profit / (loss) on ordinary activities before taxation	26	(9,426)
Tax on profit / (loss) on ordinary activities at the standard rate	(7)	2,828
Expenses not deductible for tax purposes	(717)	(699)
Capital allowances in excess of depreciation	(498)	(460)
Other short term timing differences	1,356	23
Carry forward of tax losses	(134)	(1,691)
Current tax charge for period	-	1

b) Factors that may affect the future tax charge

A deferred tax asset of £12.7m (2007: £17.6m) 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 230 of the Companies Act 1985 and has not presented its own profit and loss account. The Company's profit for the year was £26,000 (2007: loss of £9,419,000).

10 INTANGIBLE FIXED ASSETS - GROUP AND COMPANY

	Total
	£'000
Cost	
At 1st June 2007	60,911
Additions in the year	27,799
Disposals in the year	(19,007)
At 31st May 2008	69,703
Amortisation	
At 1st June 2007	34,425
Provided during the year	12,349
Eliminated on disposals	(16,506)
At 31st May 2008	30,268
Net book value	
At 31st May 2008	39,435
At 31st May 2007	26,486

The above amounts include no values in respect of 'home grown' players.

Notes to the Accounts
for the year ended 31st May 2008

11 TANGIBLE FIXED ASSETS

Group	Properties	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1st June 2007	12,806	6,603	105	19,514
Additions in the year	533	878	-	1,411
Disposals in the year	-	(24)	-	(24)
At 31st May 2008	13,339	7,457	105	20,901
Depreciation				
At 1st June 2007	4,834	4,314	99	9,247
Provided during the year	753	1,034	5	1,792
On disposals	-	(24)	-	(24)
At 31st May 2008	5,587	5,324	104	11,015
Net book value				
At 31st May 2008	7,752	2,133	1	9,886
At 31st May 2007	7,972	2,289	6	10,267

Company	Properties	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1st June 2007	1,706	6,603	105	8,414
Additions in the year	533	878	-	1,411
Disposals in the year	-	(24)	-	(24)
At 31st May 2008	2,239	7,457	105	9,801
Depreciation				
At 1st June 2007	792	4,314	99	5,205
Provided during the year	237	1,034	5	1,276
On disposals	-	(24)	-	(24)
At 31st May 2008	1,029	5,324	104	6,457
Net book value				
At 31st May 2008	1,210	2,133	1	3,344
At 31st May 2007	914	2,289	6	3,209

**Notes to the Accounts
for the year ended 31st May 2008**

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 £13,097,550 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 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.

The Directors consider that the value of the remaining properties as at 31st May 2008, not sold since the year end, is not materially different to the valuation carried out as at 31st May 1999, based on existing use.

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:

	2008	2007
	£'000	£'000
Cost	9,662	9,662
Aggregate depreciation	(4,035)	(3,434)
Net book value	5,627	6,228

12 INVESTMENTS

FIXED ASSET INVESTMENTS

Company	Subsidiary undertakings	Total
Cost	£	£
As at 1st June 2007 and 31st May 2008	4	4
Net book value		
As at 1st June 2007 and 31st May 2008	4	4

Details of the principal operating subsidiaries as at 31st May 2008, 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

CURRENT ASSET INVESTMENTS

Group

Current asset investments consist of four month treasury deposits of £2,767,000 (2007: £2,767,000).

Notes to the Accounts
for the year ended 31st May 2008

13 LEASE COMMITMENTS

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

Expiring within one year

Expiring between two and five years

Expiring in more than five years

2008	2007
£'000	£'000
24	61
211	373
1,590	1,250
1,825	1,684

14 DEBTORS

Trade debtors

Other debtors

Prepayments and accrued income

Group		Company	
2008	2007	2008	2007
£'000	£'000	£'000	£'000
10,755	5,891	10,703	5,703
26	19	-	-
1,546	1,048	1,486	996
12,327	6,958	12,189	6,699

15 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft (secured)

Other loans (see note 16)

Obligations under finance lease and hire purchase agreements

Trade creditors

Amounts due to subsidiaries

Social security and other taxes

Accruals and deferred income

Group		Company	
2008	2007	2008	2007
£'000	£'000	£'000	£'000
12,214	1,310	13,699	3,406
963	717	298	100
181	208	181	208
14,454	11,614	14,454	11,614
-	-	23,292	22,619
6,150	4,280	7,298	5,274
16,969	14,354	7,696	5,276
50,931	32,483	66,918	48,497

Certain trade creditor and accruals balances previously disclosed within creditors due within one year have been included within creditors greater than one year as the Directors consider this to reflect more accurately the payment profile of the Group's liabilities.

Notes to the Accounts
for the year ended 31st May 2008

16 CREDITORS - AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Other loans (see borrowings below)	26,099	26,824	233	333
Obligations under finance lease and hire purchase agreements	62	113	62	113
Trade creditors	4,478	4,528	4,478	4,528
Accruals and deferred income	2,210	1,833	1,088	672
	32,849	33,298	5,861	5,646

BORROWINGS

Group	Bank overdraft		Other loans		Finance leases and hire purchase		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings								
Payable by instalments:								
Within one year	12,214	1,310	963	717	181	208	13,358	2,235
Between one and two years	-	-	817	765	62	113	879	878
Between two and five years	-	-	2,638	2,556	-	-	2,638	2,556
After more than five years	-	-	23,096	23,995	-	-	23,096	23,995
Prepaid finance costs	-	-	(452)	(492)	-	-	(452)	(492)
	12,214	1,310	27,062	27,541	243	321	39,519	29,172

Company	Bank overdraft		Other loans		Finance leases and hire purchase		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings								
Payable by instalments:								
Within one year	13,699	3,406	298	100	181	208	14,178	3,714
Between one and two years	-	-	100	100	62	113	162	213
Between two and five years	-	-	133	233	-	-	133	233
	13,699	3,406	531	433	243	321	14,473	4,160

Notes to the Accounts
for the year ended 31st May 2008

16 BORROWINGS (CONTINUED)

The bank overdraft is principally secured via legal charges over a number of the Company's properties and a lightweight floating charge over all the assets and undertakings (excluding Goodison Park Stadium) of the Company.

Other loans include £26,983,000 of loan notes (2007: £27,600,000) which are repayable in annual installments 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 and matchday 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.

17 PROVISION FOR LIABILITIES AND CHARGES

	Group and Company		
	Pensions (note 23)	Contingent appearance fees (note 1)	Total
	£'000	£'000	£'000
At 1st June 2007	64	420	484
Utilised in the year	(36)	(210)	(246)
Provided in the year	-	158	158
At 31st May 2008	28	368	396

There are no amounts provided for deferred tax at 31st May 2008 or 31st May 2007.

18 EQUITY SHARE CAPITAL

	2008	2007
	£'000	£'000
Authorised, allotted, issued and fully paid		
35,000 ordinary shares of £1 each	35	35

Notes to the Accounts
for the year ended 31st May 2008

19 RESERVES

	Share premium account	Revaluation reserve	Profit and loss account
Group	£'000	£'000	£'000
Balance at 1st June 2007	24,968	3,183	(47,973)
Profit for the year	-	-	26
Balance at 31st May 2008	24,968	3,183	(47,947)

Company	£'000	£'000	£'000
Balance at 1st June 2007	24,968	1,299	(44,535)
Profit for the year	-	-	26
Balance at 31st May 2008	24,968	1,299	(44,509)

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2008	2007
Group	£'000	£'000
Profit / (loss) for the year and net movement in shareholders' deficit	26	(9,427)
Opening shareholders' deficit	(19,787)	(10,360)
Closing shareholders' deficit	(19,761)	(19,787)

Notes to the Accounts
for the year ended 31st May 2008

21 CASH FLOW STATEMENT

(a) Reconciliation of operating loss to net cash inflow from operating activities

	2008	2007
	£'000	£'000
Profit / (loss) before interest and tax	3,720	(6,632)
Profit on disposal of players' registrations	(9,249)	(4,048)
Profit on disposal of tangible fixed assets	(11)	(263)
Operating loss	(5,540)	(10,943)
Depreciation charge	1,792	1,796
Release of grants	(98)	(98)
Amortisation of players' registrations	12,349	10,438
Decrease in stocks	-	521
Increase in debtors	(2,192)	(1,494)
Decrease in provisions	(36)	(37)
Increase in creditors	4,338	2,548
Net cash inflow from operating activities	10,613	2,731

	At 1st June 2007	Cash flows	Non cash movements	At 31st May 2008
	£'000	£'000	£'000	£'000
(b) Analysis of changes in net debt				
Bank overdraft	(1,310)	(10,904)	-	(12,214)
	(1,310)	(10,904)	-	(12,214)
Debt due within one year	(717)	(246)	-	(963)
Debt due after one year	(26,824)	765	(40)	(26,099)
Finance lease and hire purchase agreements	(321)	274	(196)	(243)
Current asset investments	2,767	-	-	2,767
	(26,405)	(10,111)	(236)	(36,752)

(c) Reconciliation of movements in net debt

	2008	2007
	£'000	£'000
Decrease in cash in the period	(10,904)	(4,723)
Cash outflow from decrease in net debt	519	140
Cash outflow from decrease in finance lease and hire purchase financing	274	32
Change in net debt resulting from cash flows in the year	(10,111)	(4,551)
Non cash movements	(236)	(67)
Net debt as at 1st June 2007	(26,405)	(21,787)
Net debt as at 31st May 2008	(36,752)	(26,405)

Notes to the Accounts for the year ended 31st May 2008

22 CONTINGENT LIABILITIES

No provision is included in the accounts for transfer fees of £3,465,000 (2007: £3,045,000) which are, as at 31st May 2008, contingent upon future appearances of certain players; or signing-on fees and loyalty bonuses, as at 31st May 2008, of £4,926,000 (2007: £749,000) 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"), a defined benefit scheme. As the Group is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. At 1st April 2003 a further MFR deficit was identified in the scheme, which increased the outstanding deficit allocated to the Group by £189,000 resulting in an increase in contributions advised by the Actuary. The additional deficit was provided in the year ended 31st May 2003.

Contributions are also paid into individuals private pension schemes. Total contributions across all schemes during the year amounted to £407,000 (2007: £330,000).

24 POST BALANCE SHEET EVENTS

Since 31st May 2008, the Club has entered into transfer agreements for confirmed contracted net transfer fees payable of £12,772,000.

25 FRS 8 - RELATED PARTY TRANSACTIONS

Everton In The Community Limited 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 2008 Everton Football Club Company Limited employees held three of the six Trustee positions at the Charity. During the year Everton Football Club Company Limited incurred net operating costs of £186,000 (2007: £100,000) on behalf of the Charity.

26 CAPITAL COMMITMENTS

There were no capital commitments at 31st May 2008 or 31st May 2007.

First Team Results 2007/08

DATE	OPPONENT		RES	ATTENDANCE	PTS	POS
11.08.07	WIGAN ATHLETIC	H	2:1	39,220	3	6
14.08.07	TOTTENHAM HOTSPUR	A	3:1	35,716	6	1
18.08.07	READING	A	0:1	22,813	6	4
25.08.07	BLACKBURN ROVERS	H	1:1	33,850	7	5
1.09.07	BOLTON WANDERERS	A	2:1	22,064	10	3
15.09.07	MANCHESTER UNITED	H	0:1	39,364	10	7
20.09.07	METALIST KHARKIV (UEFA CUP)	H	1:1	37,120	-	-
23.09.07	ASTON VILLA	A	0:2	38,235	10	9
26.09.07	SHEFFIELD WEDNESDAY (CARLING CUP R3)	A	3:0	16,463	-	-
30.09.07	MIDDLESBROUGH	H	2:0	31,885	13	5
04.10.07	METALIST KHARKIV (UEFA CUP)	A	3:2	27,500	-	-
07.10.07	NEWCASTLE UNITED	A	2:3	50,152	13	10
20.10.07	LIVERPOOL	H	1:2	40,049	13	11
25.10.07	LARISSA (UEFA CUP)	H	3:1	33,777	-	-
28.10.07	DERBY COUNTY	A	2:0	33,048	16	9
31.10.07	LUTON TOWN (CARLING CUP R4)	A	1:0	8,944	-	-
03.11.07	BIRMINGHAM CITY	H	3:1	34,155	19	8
08.11.07	NURNBERG (UEFA CUP)	A	2:0	43,000	-	-
11.11.07	CHELSEA	A	1:1	41,683	20	9
24.11.07	SUNDERLAND	H	7:1	38,594	23	8
01.12.07	PORTSMOUTH	A	0:0	20,102	24	9
05.12.07	ZENIT ST PETERSBURG (UEFA CUP)	H	1:0	38,407	-	-
08.12.07	FULHAM	H	3:0	32,743	27	7
12.12.07	WEST HAM UNITED (CARLING CUP R5)	A	2:1	28,777	-	-
15.12.07	WEST HAM UNITED	A	2:0	34,430	30	6
20.12.07	AZ ALKMAAR (UEFA CUP)	A	3:2	16,578	-	-
23.12.07	MANCHESTER UNITED	A	1:2	75,749	30	6
26.12.07	BOLTON WANDERERS	H	2:0	38,918	33	6
29.12.07	ARSENAL	H	1:4	39,443	33	6
01.01.08	MIDDLESBROUGH	A	2:0	27,028	36	5
05.01.08	OLDHAM ATHLETIC (FA CUP)	H	2:0	33,086	-	-
08.01.08	CHELSEA (CARLING CUP SF L1)	A	1:2	41,178	-	-
12.01.08	MANCHESTER CITY	H	1:0	38,474	39	5
20.01.08	WIGAN ATHLETIC	A	2:1	18,820	42	4
23.01.08	CHELSEA (CARLING CUP SF L2)	H	0:1	37,086	-	-
30.01.08	TOTTENHAM HOTSPUR	H	0:0	35,840	43	4
02.02.08	BLACKBURN ROVERS	A	0:0	27,946	44	4
09.02.08	READING	H	1:0	36,582	47	4
13.02.08	SK BRANN (UEFA CUP)	A	2:0	16,207	-	-
21.02.08	SK BRANN (UEFA CUP)	H	6:1	32,834	-	-
25.02.08	MANCHESTER CITY	A	2:0	41,728	50	4
02.03.08	PORTSMOUTH	H	3:1	33,938	53	4
06.03.08	FIorentina (UEFA CUP)	A	0:2	32,934	-	-
09.03.08	SUNDERLAND	A	1:0	42,595	56	5
12.03.08	FIorentina (UEFA CUP)	H	2:0	38,026	-	-
16.03.08	FULHAM	A	0:1	25,262	56	5
22.03.08	WEST HAM UNITED	H	1:1	37,430	57	5
30.03.08	LIVERPOOL	A	0:1	44,295	57	5
06.04.08	DERBY COUNTY	H	1:0	36,043	60	5
12.04.08	BIRMINGHAM CITY	A	1:1	25,923	61	5
17.04.08	CHELSEA	H	0:1	37,112	61	5
27.04.08	ASTON VILLA	H	2:2	37,936	62	5
04.05.08	ARSENAL	A	0:1	60,123	62	5
11.05.08	NEWCASTLE UNITED	H	3:1	39,592	65	5

Barclays Premier League - Final League Placings 2007/08

	P	HOME					AWAY					GL DIFF	PTS
		W	D	L	F	A	W	D	L	F	A		
MANCHESTER UNITED	38	17	1	1	47	7	10	5	4	33	15	+58	87
CHELSEA	38	12	7	0	36	13	13	3	3	29	13	+39	85
ARSENAL	38	14	5	0	37	11	10	6	3	37	20	+43	83
LIVERPOOL	38	12	6	1	43	13	9	7	3	24	15	+39	76
EVERTON	38	11	4	4	34	17	8	4	7	21	16	+22	65
ASTON VILLA	38	10	3	6	34	22	6	9	4	37	29	+20	60
BLACKBURN ROVERS	38	8	7	4	26	19	7	6	6	24	29	+2	58
PORTSMOUTH	38	7	8	4	24	14	9	1	9	24	26	+8	57
MANCHESTER CITY	38	11	4	4	28	20	4	6	9	17	33	-8	55
WEST HAM UNITED	38	7	7	5	24	24	6	3	10	18	26	-8	49
TOTTENHAM HOTSPUR	38	8	5	6	46	34	3	8	8	20	27	+5	46
NEWCASTLE UNITED	38	8	5	6	25	26	3	5	11	20	39	-20	43
MIDDLESBROUGH	38	7	5	7	27	23	3	7	9	16	30	-10	42
WIGAN ATHLETIC	38	8	5	6	21	17	2	5	12	13	34	-17	40
SUNDERLAND	38	9	3	7	23	21	2	3	14	13	38	-23	39
BOLTON WANDERERS	38	7	5	7	23	18	2	5	12	13	36	-18	37
FULHAM	38	6	5	9	23	31	2	7	9	15	29	-22	36
READING	38	8	2	9	19	25	2	4	13	22	41	-25	36
BIRMINGHAM CITY	38	6	8	5	30	23	2	3	14	16	39	-16	35
DERBY COUNTY	38	1	5	13	12	43	0	3	16	8	46	-69	11

Fixtures 2008/09

DATE	OPPONENT	DATE	OPPONENT	
16.08.08	BLACKBURN ROVERS	H	03.01.09	FA CUP 3
23.08.08	WEST BROMWICH ALBION	A	10.01.09	HULL CITY
30.08.08	PORTSMOUTH	H	17.01.09	LIVERPOOL
14.09.08	STOKE CITY	A	24.01.09	FA CUP 4
18.09.08	STANDARD LIEGE (UEFA CUP R1 L1)	H	28.01.09	ARSENAL
21.09.08	HULL CITY	A	31.01.09	MANCHESTER UNITED
24.09.08	BLACKBURN ROVERS (CARLING CUP R3)	A	07.02.09	BOLTON WANDERERS
27.09.08	LIVERPOOL	H	14.02.09	FA CUP 5
02.10.08	STANDARD LIEGE (UEFA CUP R1 L2)	A	21.02.09	NEWCASTLE UNITED
05.10.08	NEWCASTLE UNITED	H	28.02.09	WEST BROMWICH ALBION
18.10.08	ARSENAL	A	04.03.09	BLACKBURN ROVERS
25.10.08	MANCHESTER UNITED	H	07.03.09	FA CUP 6
29.10.08	BOLTON WANDERERS	A	14.03.09	STOKE CITY
01.11.08	FULHAM	H	21.03.09	PORTSMOUTH
08.11.08	WEST HAM UNITED	A	05.04.09	WIGAN ATHLETIC
16.11.08	MIDDLESBROUGH	H	11.04.09	ASTON VILLA
24.11.08	WIGAN ATHLETIC	A	18.04.09	CHELSEA
29.11.08	TOTTENHAM HOTSPUR	A	18.04.09	FA CUP SEMI FINAL
07.12.08	ASTON VILLA	H	25.04.09	MANCHESTER CITY
13.12.08	MANCHESTER CITY	A	02.05.09	SUNDERLAND
22.12.08	CHELSEA	H	09.05.09	TOTTENHAM HOTSPUR
26.12.08	MIDDLESBROUGH	A	16.05.09	WEST HAM UNITED
28.12.08	SUNDERLAND	H	24.05.09	FULHAM
			30.05.09	FA CUP FINAL

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

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