

The Everton Football Club Company Limited
Company Number: 36624



Annual Report & Accounts 2006

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Directors and Advisors

Directors

W Kenwright CBE (Chairman)
J V Woods (Deputy Chairman)
P R Gregg
K Wyness
A Gregg

Chief Executive

K Wyness

Company Secretary

M Cheston

Registered Office

Goodison Park
Liverpool L4 4EL

Auditors

Deloitte & Touche LLP
Liverpool

Bankers

Barclays Bank plc
Liverpool

Registrars

Capita IRG
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Notice of the AGM

Notice is hereby given that the one hundred and twenty seventh Annual General Meeting of The Everton Football Club Company Limited (The Company) will be held in the Alex Young Suite, Goodison Park, Liverpool, L4 4EL on the 11th December 2006 at 7pm for the purpose of considering the following ordinary business.

1. To receive the Directors' Report and Financial Statements for the year ended 31st May 2006.
2. To re-appoint Deloitte & Touche LLP as Auditors to the Company and to authorise the Directors to fix their remuneration.
3. To re-elect Director - in accordance with the provisions of Article 18.2, Mr W Kenwright retires by rotation and being eligible offers himself for re-election.
4. To transact any other business which may be transacted at the Annual General Meeting of the Company.

By order of the Board

M CHESTON
Company Secretary
Goodison Park
Liverpool L4 4EL
Date: 17th November 2006

Notes

A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend, and on a poll, to vote in his/her place. A proxy need not be a member of the Company.

To be valid, a duly executed instrument of proxy must be lodged at the Registered Office of the Company at least 48 hours before the time appointed for holding the meeting.

The stock transfer books of the Company will be closed until 12th December 2006.

Information to Shareholders

Shares in Everton Football Club Co Ltd are "off-market". If you wish to buy or sell shares in the Club you should, in the first instance, contact your own stockbroker. If they decline to act "off-market" you can then deal in Everton Football Club Co Ltd shares through Blankstone Sington Limited, 91 Duke Street, Liverpool L1 5AA. Telephone no. 0151 707 1707, contact name Neil S Blankstone or Neil Turner, who have indicated they will be happy to deal with the transfer of Everton Football Club Co Limited shares "off-market".

If you require any information in connection with share matters then in the first instance please contact our Registrar, Capita IRG, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Our Registrars or the stockbroker shown above will be able to advise any shareholder of the price at which Everton shares are being traded.

Chairman's Statement

Twelve months ago, I used this document to record my sense of joy and pride at our fourth-placing in the Premiership and with it a return to European football's prestige tournament for the first time in more than three decades.

It was a very special moment to enjoy at the end of my first season as Chairman at the Club I have always supported. I remember writing that, in essence, football was a sport which, perversely, quite often seems designed to bring about crushing disappointment.

I had, perhaps, tempted fate for in some respects last season was, if not over before it had begun in earnest, then fatally wounded at a dramatically early stage.

As subsequent events were to show us, we were extremely unfortunate to be paired with a side as competent as Villarreal in the Champions' League qualifying round; the luck of the draw went against us - along with an official's decision which even today I do not understand - and we were made to pay a very high price.

Our subsequent elimination from the Uefa Cup at the hands of Dinamo Bucharest was equally upsetting and, if not financially then certainly in terms of morale, just as damaging.

The domestic season was still very much in its infancy when the sense of optimism engendered by the heroics of the previous campaign had been dissipated to such a degree that our primary objective became nothing grander than simple survival amongst English football's elite.

But, it was a measure of the transformation of fortune witnessed during the mid and latter stages of our League programme that the overriding emotion felt at season's end was not so much relief at the preservation of our Premiership status but slight disappointment at our failure to secure a more attractive final placing.

Despite the steady, impressive climb away from trouble (one which, I must tell you he had predicted, place by place, to the Board in November) our manager, David Moyes, was, predictably, distressed by his side's failure to build upon the foundations so studiously laid down in the previous season.

As ever, David was fully and actively supported by myself and by my fellow Directors - and that unswerving and absolute support will continue because if we are to restore our great club to what I believe to be a rightful position of some prominence within both the domestic and European arenas, it is crucial he receives the full backing of two key teams - the one which performs on the pitch and the one which performs away from it.

Chairman's Statement cont.

As ever, the playing staff was subjected to change. We welcomed back into the fold Alan Stubbs and more recently Andrew Johnson became the most expensive player in our history when he signed from Crystal Palace. Joleon Lescott joined from Wolverhampton Wanderers, Tim Howard from Manchester United on a 12-month loan deal and Scott Spencer arrived from Oldham Athletic.

Amongst those who left Goodison Park were two modern-day heroes who served our Club with great distinction - Duncan Ferguson and Nigel Martyn. They, along with Marcus Bent, Li Tie and Per Kroldrup, carry our very best wishes with them for the future.

Of course, it would be wrong to portray the 2005-06 season as something akin to a write-off simply because expectations were not fully met on the playing side.

Indeed, in so many respects the year was rewarding, yielding pleasing and impressive progress on a number of significant fronts.

The sight of construction work beginning on our new Academy complex in Halewood will have gladdened the hearts of all Evertonians. It has been a long haul but, having surmounted countless logistical and financial problems and having cut a swathe through the many layers of red-tape, we are now within touching distance of realising what is a long-held dream.

When finished - hopefully next summer - the complex will stand comparison to any such development in European football and will become home to the next, and subsequent, generations of Everton players.

Just like any footballer who pulls on our shirt, those kids who will shape the future of Everton Football Club deserve the best facilities, the best medical care, the best coaches, the best educational amenities - and that is exactly what they shall have at Finch Farm.

On the financial front, under the astute and careful guidance of our CEO, Keith Wyness, we have again proved ourself to be prudent with a sound sense of business acumen.

Our drop down from a final placing of fourth in 2004-05 to eleventh last term cost us, in terms of lost prize money and television income, around £3.2 million so the fact that our turnover has dropped by just £1.9 million year on year does represent a very strong result.

I am grateful for Keith's support and the dedication and professionalism he has brought to a role which remains both demanding and complex.

I would also like to thank my fellow directors and the Club's Heads of Department for their continued support and enthusiasm throughout the course of a year which was always challenging.

May I also place on record my thanks to the Club's bankers, Barclays Bank plc - and in particular their representative Steve Walton - and to our various sponsors - particularly Chang and JJB Sports - all of whom have provided invaluable and professional support throughout the year.

The fantastic level of support enjoyed by our Club never ceases to amaze me; it is magnificent. Our average League attendance during the course of a season which held many disappointments was 36,827, a figure built upon a bedrock of season-ticket sales which surpassed 27,000.

On behalf of you all, may I also express my thanks to our matchday staff and to the members of the various emergency services who work tirelessly to ensure both the safety and comfort of all those who visit Goodison Park.

My personal thanks also go out to each and every member of the Everton staff - whether they be full-time or part-time - who undertook their respective duties with the usual diligence and good nature.

Sadly, Everton Football Club will never quite be the same again. On 24th April 2006, we lost the truly great Brian Labone, a colossus of a player and a colossus of a man. The noblest of them all, Brian epitomised all that was great about our Club; he truly was the last of the Corinthians.

His funeral at the city's Anglican cathedral was majestic, moving and utterly memorable in equal measure. We will never forget him.

Everton is as much an integral part of my life today as it was all those years ago in the boys' pen.

I am proud to be Chairman of the greatest club in world football and, as ever, all I can promise you is that I will continue to work tirelessly for that privilege.

Bill Kenwright

Financial Review

I am pleased to report that our turnover for the year stands at £58.1m, a decrease of only 3% on the prior year club record (2005: £60.0m), despite suffering a fall in broadcasting revenue year on year of £3.2m (2006: £26.3m, 2005: £29.5m).

Gate receipts and sponsorship and advertising demonstrated a year-on-year growth and a breakdown of these can be found in Note 2 of the accounts. It should be noted that, as the merchandising and catering operations have both been outsourced since the year end (turnover across both these operations totalling £7.6m this year), their reported turnover in next year's accounts will therefore be based on net amounts received from subcontractors and therefore will be showing as significantly lower than the year just ended.

The Club's annual wage bill as a proportion of turnover is 64% (2005: 51%). This increase, while necessary to support the investment in the playing squad during the year, has meant that the total wage bill has increased by 20% to £37.0m (2005: £30.8m). We will, of course, continue to monitor this trend closely and take appropriate action as required.

Even after taking this increase into consideration we are pleased to report that we have recorded an operating profit before player trading of £3.1m (2005: profit of £10.4m). The inclusion of the amortisation of players' registrations of £11.4m (2005: £10.4m) means that in the current year we are reporting an operating loss of £8.4m.

In the area of player-trading we recorded a loss of £0.4m (2005: profit £23.4m) on disposal of players' registrations, another consequence of the costs incurred as a result of the rebuilding of the squad during the year.

We also registered a profit of £0.2m (2005: £2.8m) on the disposal of tangible fixed assets after agreeing the sale (and leaseback) of the Megastore, Netherton and Finch Farm sites during the year, in order to raise the finances necessary to fund the construction of our new training ground and Academy complex (more detail on these transactions can be found in note 11 to the accounts).

Once we incorporate the annual interest charge of £2.5m (2005: £2.9m) - incurred principally to cover the cost of servicing the securitisation debt - as well as interest receivable, the accounts show a pre tax loss of £10.8m (2005: profit of £23.5m).

The movement from £23.5m profit in 2005 to £10.8m loss this year is primarily due to the 2005 results being significantly improved by the £21m profit on the sale of Wayne Rooney to Manchester United, combined with the lower broadcasting turnover and higher wages discussed above.

Borrowings for the year have decreased further to £28.0m (2005: £28.3m), of which £24.8m is not due for repayment for more than five years. The net debt position, meanwhile, now stands at £21.8m (2005: £19.5m).

As a result of the above trading activity the balance sheet now shows a net liability position of £10.4m (2005: net assets of £0.4m).

The directors recognise the need and have identified opportunities to strengthen the balance sheet following the move to a net liability position at the year end. The directors are confident that ongoing property transactions will be concluded which will significantly strengthen the Club's balance sheet.

It should also be recognised that the balance sheet contains £7.2m of deferred income in relation to advance season ticket sales which will be released to the profit and loss as games are played during the season hence will not require repayment, £24.8m of borrowing are not repayable for more than five years and that the balance sheet attributes no value in respect of home grown players such as Tony Hibbert, Leon Osman, James Vaughan and Victor Anichebe.

Finally the cash inflow from operating activities was £12.9m (2005: inflow of £13.3m). After payments for interest and net capital expenditure the net cash outflow was £2.3m (2005: inflow of £23.9m), and following the repayment of various loans the decrease in cash for the year was £5.3m (2005: increase of £10.3m).

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

Youth Academy

With each and every member of the Board of Directors subscribing to the traditional theory that, in sporting terms at least, the future of our Club lies very much at the feet of its youngsters, it is pleasing to report that we continue to move purposefully towards the long-held goal of a new Academy complex.

Indeed, with a 52-week construction programme having begun in June on the Halewood site, our dream of being able to boast a centre of excellence without equal in British football moves closer to fruitful and compelling reality with each and every passing day.

When we first embarked on what is a costly but absolutely essential project more than five years ago we expressed a collective desire to create a state-of-the-art, world-class facility which will not only serve the current generation of aspiring footballers but which will, as a matter of course, help to produce a steady stream of home-grown talent.

With regard to the last twelve months, Everton's Youth Academy has done much to further embroider a deserved reputation as one of the finest producers of talent in the country; you have to do no more than talk to key figures within British football to understand just how high is the regard in which Everton's Academy is held by its sporting peers.

Whilst, Head of the Academy, Ray Hall and his diligent team may well have long since grown tired of hearing the phrase, "unsung heroes" I believe it to be still pertinent, relevant and wholly appropriate.

In basic terms, the Academy's aim is to provide at least one player per season for the senior team, a target which - happily - was again achieved with the emergence of Victor Anichebe.

In the past six seasons alone, a grand total of 19 players have moved through the ranks from Academy to first-team - players who, upon their departure from Goodison Park, have provided a combined transfer income of around £40 million.

Three other youngsters - Mark Hughes, Patrick Boyle and Lawrence Wilson - also won promotion to the senior squad, filling substitute berths in the absence of the Club's injured, established first-team players.

Communications & Marketing

Communications

It is with great pride I can report that, in an age where modern technology is providing a multitude of new and inventive ways to communicate, the Club's Communications Department has done much more than simply keep pace with innovation.

It has been a year of dramatic change within the Department. Following many months of development and extensive consultation with supporters the new official media services were unveiled in June.

A great deal of work was done by Department Head, Mark Rowan, aimed at ensuring these met the high standards set by the Club and that it provided fans with a website which is, unquestionably, the envy of the Premiership.

As a direct consequence of these improvements, the website has seen a rise in traffic of 22% year on year, something which has boosted both sponsorship and advertising revenues. The site also remains a key marketing tool and has been used to introduce fresh on-line business initiatives to broaden our income streams as well as supporting key areas such as ticketing and hospitality.

One service which warrants special mention is EvertonTV. Launched in conjunction with the new website, the online TV subscription channel has recorded an amazing 200% increase in users compared to its predecessor, Toffee TV. We also became one of the first clubs in the Premier League to provide live television content when we 'webcast' our pre-season friendlies from the United States.

Some of this televised content has also been utilised for the new international programme which is now produced by the Club. Much hard work was put into arranging and negotiating a deal with world-leader Fox Sports to ensure that the weekly show was given global rather than merely European distribution.

The third major addition to the Communications Department's armoury has been the new EvertonMobile service. A channel-based proposition allows us the flexibility to maximise revenue potential from the fourth screen, with more services planned in the coming months.

Marketing

It proved to be another pleasing year of steady progress and consolidation within the Club's Marketing and Retail departments, both of which embraced a "back-to-basics" philosophy in what was, in essence, a return to marketing fundamentals.

The Club's Marketing team was charged with the dual objectives of increasing the size of our supporter-base and engendering a greater, more intense, sense of loyalty.

To that end, a programme of activity has been specifically designed to engage new audiences locally, nationally and internationally.

In addition, the Club opened what is a meaningful and ongoing dialogue with our most slavishly loyal grouping of supporters - season-ticket holders - to find innovative new ways in which to reward their sense of devotion and commitment.

Special events, for example, the well-attended Christmas Carol service at Goodison Park and the various focus-group workshops, represented simple but effective methods of further cementing the relationship between Club and season-ticket holder.

The Club's Partnership team achieved some high-profile and notable successes during the course of what was another year of frantic activity and subtle realignment.

We secured a new credit card partner in Creation, a deal which guarantees the Club a sizeable annual revenue whilst the summer recess also saw us conclude exciting new deals with Trinity Mirror, Sports Media, Radio City and Littlewoods.

One of the Partnership team's primary objectives remains the enticing of leading household brands into the Club in order that our supporters can subsequently be offered high-quality, value-for-money and official products of repute.

The Club's continuing drive to offer a better service to its supporters - as well as improving our commercial performance - manifested itself in the signing of two, long-term relationships.

JJB Sports chose to extend its existing "official retailer" status to become the exclusive operator of all Everton retail channels. We do believe that over the course of this three-year deal, the Club and its supporters will benefit from JJB Sports' market-leading, retail expertise.

The summer of 2006 also saw Sodexho-Prestige assume responsibility for all aspects of catering at Goodison Park. Everton will augment Sodexho-Prestige's impressive CV of major sporting and leisure facilities across the world.

Much as we have done in previous years, the Club is undergoing a thorough and meaningful review of its marketing and commercial activities with a view to improving the quality, range and delivery of its products and services.

Everton in the Community

The People's Club is much more than just a simple phrase - it is very much an ethos. With that in mind, the Board of Directors cannot stress enough how much importance is placed on the work of Everton in the Community. Put succinctly, it acts as a vital conduit between the Club and its supporters - and in keeping with the mood of advancement in the club over the last year it has been a period of dramatic transformation in this area.

Since becoming a registered Charity in June 2004, Everton In The Community has undergone a significant transformation - a response to the changing needs of the community and the different social agendas and various government initiatives. Everton Football In The Community, as it was previously known, has, over the past few months, responded to the changes across its business by asking the question - are we meeting the demands of our community at all levels and are we inclusive of all the people who live, work and play in our community?

On August 19th 2006, Everton Football in the Community Board of Trustees agreed a new name for the Charity: Everton In The Community, along with a new tag line - 'A Charity Inspiring Community Involvement' that clearly sets the Charity apart from others.

Dropping 'football' from within the charity's name may, initially at least, appear to be an odd decision but whilst football remains fundamental to what we do as a charitable organisation we do feel that we must be inclusive of everyone and most definitely not exclusive to those who merely love the beautiful game. The programmes we provide for all community groups - whether locally or nationally - clearly reflect the Everton Football Club Motto 'NIL SATIS NISI OPTIMUM' and the beliefs and values of the People's Club. With such a strong motto we are constantly looking to develop new initiatives that will allow the charity to both build and maintain its role and responsibility throughout the next few years.

Everton In The Community is now nationally recognised as one of the leading community programmes not just in the Premiership but also within various levels of local, regional and national agencies such as the Primary Care Trust, National Health Service, and local councils, such as Liverpool City Council and Knowsley Borough Council.

Everton In The Community encompasses within its structure eight divisions and presents equal opportunities to no less than 30,000 children a year, delivered through a dedicated and highly-qualified staff. Everton In The Community is currently reorganising its school programme in order to meet the demands of new initiatives, such as the 'Every Child Matters' agenda, one which tackles issues such as obesity, healthy living and physical activity.

Throughout this year the disability programme has continued to go from strength to strength, not just on Merseyside but across the world, with interest from South Africa and China with key organisations inside both countries looking to emulate the sound development programme and the success that all our disabled teams are witnessing across all levels of age and ability.

Everton In The Community has grown and will, we believe, continue to develop into a leading charity offering unique community experiences at a variety of levels.

However, this is only possible due to the commitment and support from a variety of sources and whilst Everton Football Club remains the main sponsor, I would like to place on record my thanks to the Football Foundation, Sportsmatch, Southern Cross Health Care, Greggs Bakers, Arriva Transport, Liverpool City Council Healthy Schools, Prince's Trust, Children in Need, Football Aid, Promethean, SANYO, Myerscough College for their support and backing.

Directors' Report

The directors present their report and the audited financial statements of the Group and Company for the year ended 31st May 2006.

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 5 to 10.

Dividend and Transfers from Reserves

The loss for the year amounted to £10.8m (2005 - profit £23.5m), which has been transferred from / added into reserves. The directors do not recommend the payment of a dividend (2005 - £nil).

Post Balance Sheet Events

A description of the material aspects of these events can be found in note 25 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 2006	31st May 2005
W Kenwright CBE	8,754	8,754
J V Woods	6,622	6,622
P R Gregg (Resigned 20/10/06)	3,779	3,779
K Wyness	-	-
A Gregg (Resigned 20/10/06)	4,075	4,075

In accordance with the Articles of Association, Mr W Kenwright retires by rotation and being eligible offers himself for re-election.

Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the

directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for the system of internal control, for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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

A resolution to re-appoint Deloitte & Touche LLP as auditors of the Company and to authorise the directors to agree the terms of their remuneration will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 27th October 2006 and signed on its behalf by

M Cheston, 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 31 May 2006 which comprise the consolidated profit and loss account, the group balance sheet, the consolidated cash flow statement, the statement of total recognised gains and losses, the statement of historic profits and losses and the related notes 1 to 27. These Group 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 directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 31 May 2006 and of the group's loss 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 & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool
Date: 27th October 2006

**Consolidated Profit and Loss Account
for the year ended 31st May 2006**

		2006			2005
	Notes	Operations excluding player trading £'000	Player trading £'000	Total £'000	Total £'000
Turnover	1,2	58,123	-	58,123	59,953
Operating expenses	3	(55,072)	(11,421)	(66,493)	(59,947)
Operating (Loss) / Profit	4	3,051	(11,421)	(8,370)	6
(Loss) / Profit on disposal of players' registrations		-	(402)	(402)	23,364
Profit on disposal of tangible fixed assets	11	164	-	164	2,813
(Loss) / Profit before interest and taxation		3,215	(11,823)	(8,608)	26,183
Interest receivable and similar income	5			271	242
Interest payable and similar charges	6			(2,457)	(2,916)
(Loss) / Profit on ordinary activities before taxation				(10,794)	23,509
Tax on (Loss) / Profit on ordinary activities	8			-	-
(Loss) / Profit after taxation for the year transferred (from) / to reserves	20			(10,794)	23,509

All the above amounts derive from continuing operations.

There are no recognised gains and losses for the year ended 31 May 2006 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.

**Historical Cost Profits and Losses
for the year ended 31st May 2006**

	2006	2005
	£'000	£'000
(Loss) / Profit on ordinary activities before taxation	(10,794)	23,509
Difference between the historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	189	240
Historical Cost (Loss) / Profit on ordinary activities before taxation	(10,605)	23,749
Historical Cost (Loss) / Profit for the year retained after taxation	(10,605)	23,749

**Group Balance Sheet
at 31st May 2006**

	Notes	2006		2005	
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	10		20,646		19,775
Tangible Assets	11		11,303		13,129
Investments	12		-		-
			31,949		32,904
Current Assets					
Stocks	14	521		795	
Debtors	15	6,577		5,817	
Investments	12	2,767		-	
Cash at bank and in hand		3,413		8,732	
		13,278		15,344	
Creditors - Amounts falling due within one year	16	(26,314)		(17,195)	
Net Current Liabilities			(13,036)		(1,851)
Total Assets Less Current Liabilities			18,913		31,053
Creditors - Amounts falling due after more than one year	17		(28,524)		(29,054)
Provision for liabilities and charges	18		(749)		(1,565)
Net (Liabilities) / Assets			(10,360)		434
Capital and Reserves					
Called up share capital	19		35		35
Share premium account	20		24,968		24,968
Revaluation reserve	20		3,183		3,137
Profit and loss account - deficit	20		(38,546)		(27,706)
Equity shareholders' (deficit) / funds	21		(10,360)		434

The financial statements were approved by the Board on the 27th October 2006 and signed on its behalf by

W Kenwright CBE & K Wyness
Directors



**Company Balance Sheet
at 31st May 2006**

		2006		2005	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	10		20,646		19,775
Tangible Assets	11		3,731		5,043
Investments	12		-		-
			24,377		24,818
Current Assets					
Stocks	14	521		795	
Debtors	15	6,540		5,805	
Cash at bank and in hand		571		4,754	
		7,632		11,354	
Creditors - Amounts falling due within one year	16	(39,789)		(32,393)	
Net Current Liabilities			(32,157)		(21,039)
Total Assets Less Current Liabilities			(7,780)		3,779
Creditors - Amounts falling due after more than one year	17		(285)		(244)
Provision for liabilities and charges	18		(749)		(1,565)
Net (Liabilities) / Assets			(8,814)		1,970
Capital and Reserves					
Called up share capital	19		35		35
Share premium account	20		24,968		24,968
Revaluation reserve	20		1,299		1,253
Profit and loss account - deficit	20		(35,116)		(24,286)
Equity shareholders' (deficit) / funds			(8,814)		1,970

The financial statements were approved by the Board on the 27th October 2006 and signed on its behalf by

W Kenwright CBE & K Wyness
Directors



**Consolidated Cash Flow Statement
for the year ended 31st May 2006**

		2006		2005	
	Notes	£'000	£'000	£'000	£'000
Cash inflow from operating activities	22a		12,991		13,304
Returns on investment and servicing of finance					
Interest received		271		241	
Interest paid		(2,519)		(2,935)	
Finance lease interest		(4)		(2)	
Net cash outflow from returns on investments and servicing of finance			(2,252)		(2,696)
Taxation			-		-
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(15,931)		(13,794)	
Purchase of tangible fixed assets		(3,881)		(1,521)	
Proceeds from the disposal of tangible fixed assets		4,149		3,100	
Proceeds from the disposal of intangible fixed assets		2,708		25,468	
Net cash (outflow) / inflow from capital expenditure and financial investment			(12,955)		13,253
Net cash (outflow) / inflow before financing			(2,216)		23,861
Management of Liquid Resources					
Purchase of current asset investment			(2,767)		-
Financing					
Repayment of factored amounts		-		(10,400)	
Repayment of loans		(531)		(3,144)	
Capital element of hire purchase payments		195		(53)	
New cash outflow from financing			(336)		(13,597)
(Decrease) / Increase in cash	22b		(5,319)		10,264

Notes to the Accounts for the year ended 31st May 2006

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 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 F.A. Premier League, the Football Association and the Football League.

(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 31 May 1999 and the valuations have not subsequently been updated.

(v) Stocks

Stocks are valued at the lower of cost and net realisable value. From the 1st June 2006 the retail operation was outsourced, and the value of retail stock included in the accounts has been calculated on the basis of the outsourcing agreement.

(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 laid down in the transfer agreement of the player to be possible, provision for this cost is made (see note 18). 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 23).

(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 instalments due in the future on continued service are not provided for but are noted as contingent liabilities (see note 23).

(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 dealt with through the profit and loss account.

**Notes to the Accounts
for the year ended 31st May 2006**

	2006	2005 Restated
2 TURNOVER	£'000	£'000
Gate receipts and programme sales	18,128	17,268
Broadcasting	26,349	29,504
Sponsorship and advertising	5,240	4,264
Merchandising and catering	7,623	7,956
Other commercial activities	783	961
	58,123	59,953

The merchandising and catering operations have been outsourced since the year end, on the 1st June 2006 and 10th July 2006 respectively. Consequently this will significantly impact future reported turnover figures since under the new arrangements reported turnover will be based on *net amounts received from the sub-contractors*.

	2006	2005
3 OPERATING EXPENSES	£'000	£'000
Amortisation of players' registrations (note 10)	11,421	10,380
Staff costs (note 7)	36,966	30,840
Depreciation (note 11)	1,690	1,367
Other operating costs	16,416	17,360
	66,493	59,947

	2006	2005
4 OPERATING (LOSS) / PROFIT	£'000	£'000
The Operating (Loss) / Profit is stated after charging / (crediting)		
Depreciation - Property	691	791
Depreciation - Other	999	576
Grants released	(98)	(98)
Operating lease rentals		
Motor vehicles	184	51
Office equipment	60	107
Land and properties	225	-
Auditors' remuneration		
For audit (including Company of £28,000; 2005; £25,000)	39	34
For other services	201	257

	2006	2005
5 INTEREST RECEIVABLE AND SIMILAR INCOME	£'000	£'000
Bank Interest Receivable	271	242

**Notes to the Accounts
for the year ended 31st May 2006**

	2006	2005
	£'000	£'000
6 INTEREST PAYABLE & SIMILAR CHARGES		
On bank overdrafts	97	200
On finance leases	49	2
On other loans	2,311	2,714
	2,457	2,916

Included in interest on other loans is interest of £2,208,437 (2005: £2,248,828) on loans not wholly payable in full within five years.

	2006	2005
	Number	Number
7 PARTICULARS OF EMPLOYEES		
The average weekly number of employees during the year was as follows:		
Playing, training and management	72	69
Youth Academy	23	21
Football in the Community	1	12
Marketing and Media	29	21
Management and Administration	49	49
Maintenance, Security, Pitch and Ground Safety	30	27
Catering and Retail	55	67
	259	266

In addition, the Group employed an average of 597 temporary staff on matchdays (2005: 627).

	2006	2005
	£'000	£'000
Aggregate payroll costs for the above employees were as follows:		
Wages and salaries	32,778	26,717
Social security costs	3,683	3,291
Other pension costs	505	832
	36,966	30,840

	2006	2005
	£'000	£'000
Directors' Remuneration		
The Directors of the Company received the following remunerations:		
Emoluments (excluding pension contributions)	440	248
Aggregate payments to pension schemes	26	18
 Highest paid Director's remuneration		
Emoluments	466	177

**Notes to the Accounts
for the year ended 31st May 2006**

8 TAXATION ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

a) Factors affecting tax (charge) / credit for the current year

The tax assessed for the year is disproportionate to that resulting from applying the standard rate of corporation tax in the UK: 30% (2005: 30%)

	2006	2005
	£'000	£'000
(Loss) / Profit on ordinary activities before tax	(10,794)	23,509
Tax on (loss) / profit on ordinary activities at the standard rate	3,238	(7,053)
Expenses not deductible for tax purposes	(804)	(173)
Capital allowances in excess of depreciation	(413)	53
Movement in short term timing differences	-	30
Carry forward of tax losses	(2,021)	-
Roll - over relief for intangible assets	-	6,299
Roll - over relief for tangible assets	-	844
Current tax charge for period	-	-

b) Factors that may affect the future tax charge

A deferred tax asset of £16.0m (2005: £8.4m) 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 230 of the Companies Act 1985 and has not presented its own profit and loss account. The Company's losses for the year and the previous year, were £10,786,204 (2005: £23,510,525).

	Total
	£'000
10 INTANGIBLE FIXED ASSETS - GROUP AND COMPANY	
Cost at 1st June 2005	46,531
Additions in year	17,547
Disposals in year	(10,535)
At 31st May 2006	53,543
Amortisation	
At 1st June 2005	26,756
Provided during the year	11,421
Eliminated on disposals	(5,280)
At 31st May 2006	32,897
Net Book Value	
At 31st May 2006	20,646
At 31st May 2005	19,775

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

**Notes to the Accounts
for the year ended 31st May 2006**

11. TANGIBLE FIXED ASSETS

Group	Properties	Assets under course of construction	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1st June 2005	15,054	1,378	3,116	146	19,694
Additions in the year	6	929	2,937	9	3,881
Disposals in the year	(1,987)	(2,307)	(207)	(55)	(4,556)
At 31st May 2006	13,073	-	5,846	100	19,019
Depreciation					
At 1st June 2005	4,078	-	2,367	120	6,565
Provided during the year	691	-	970	29	1,690
On disposals	(421)	-	(63)	(55)	(539)
At 31st May 2006	4,348	-	3,274	94	7,716
Net book value					
At 31st May 2006	8,725	-	2,572	6	11,303
At 31st May 2005	10,976	1,378	749	26	13,129

Company	Properties	Assets under course of construction	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1st June 2005	3,932	1,378	3,076	146	8,532
Additions in the year	6	929	2,937	9	3,881
Disposals in the year	(1,965)	(2,307)	(167)	(55)	(4,494)
At 31st May 2006	1,973	-	5,846	100	7,919
Depreciation					
At 1st June 2005	1,023	-	2,346	120	3,489
Provided during the year	156	-	991	29	1,176
On disposals	(359)	-	(63)	(55)	(477)
At 31st May 2006	820	-	3,274	94	4,188
Net book value					
At 31st May 2006	1,153	-	2,572	6	3,731
At 31st May 2005	2,909	1,378	730	26	5,043

**Notes to the Accounts
for the year ended 31st May 2006**

11 TANGIBLE FIXED ASSETS CONTINUED

Included in disposals is the sale, on 30th May 2006, of £2.1m of assets relating to costs incurred to date on the purchase and development of Finch Farm, the site of the new training ground for both the professional players and the Academy, which has been sold on the basis of a sale and leaseback arrangement in order to raise the necessary finance to enable completion of the works. The sale agreement also provides the Club with options to repurchase the development in the future.

Also included in disposals are assets totalling £2.2m in relation to the sale of the Megastore and Netherton sites, on 3rd June 2005 and 1st August 2005 respectively. The Megastore site has also been sold on the basis of a sale and leaseback arrangement, and the sale agreement also provides the Club with options to repurchase the site in future years. The Netherton site has been sold on the basis of a sale and leaseback arrangement only. The liability for the next year's rentals in respect of the Finch Farm, Netherton and Megastore sites is reflected in the operating lease note (see note 13).

The remaining Club's properties are freehold, with the exception of an immaterial amount of residential properties which are long leasehold. The Club's premises at Goodison Park, the equipment and contents (but not including computer equipment or motor vehicles), together with the 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 2006, 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:

	2006	2005
	£'000	£'000
Cost	9,662	11,093
Aggregate depreciation	(2,835)	(2,523)
Net book value	6,827	8,570

**12 INVESTMENTS
FIXED ASSET INVESTMENTS**

Group

The Group has no fixed asset investments (2005 - none).

Company	Subsidiary undertakings	Total
Cost	£	£
As at 1st June 2005 and 31st May 2006	4	4
Net book value		
As at 1st June 2005 and 31st May 2006	4	4

Details of the principal operating subsidiaries as at 31st May 2006, 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 three month treasury deposits (2005: nil)

**Notes to the Accounts
for the year ended 31st May 2006**

13 LEASE COMMITMENTS

The 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

2006	2005
£'000	£'000
149	83
296	43
678	-
1,123	126

14 STOCK

Goods for resale

Maintenance stocks

2006	2005
£'000	£'000
511	785
10	10
521	795

On the 1st June 2006 the retail operation was outsourced. "Goods for resale" above includes £460,000 in relation to the stock of retail merchandise held at the year end, which has been valued in accordance with the accounting policies detailed in Note 1(v) of these accounts.

15 DEBTORS

Trade debtors

Other debtors

Prepayments and accrued income

Group		Company	
2006	2005	2006	2005
£'000	£'000	£'000	£'000
5,704	4,937	5,705	4,937
105	42	67	30
768	838	768	838
6,577	5,817	6,540	5,805

16 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

Other loans (see note 17)

Obligations under hire purchase agreements

Trade creditors

Amounts due to subsidiaries

Social security and other taxes

Other creditors

Accruals and deferred income

Group		Company	
2006	2005	2006	2005
£'000	£'000	£'000	£'000
573	531	-	-
149	53	149	53
9,914	6,516	9,914	6,516
-	-	21,597	19,674
3,426	2,924	4,639	2,589
391	285	369	274
11,861	6,886	3,121	3,287
26,314	17,195	39,789	32,393

**Notes to the Accounts
for the year ended 31st May 2006**

**17 CREDITORS - AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

Other loans (see borrowings below)
Obligations under hire purchase agreements
Accruals and deferred income

Group		Company	
2006	2005	2006	2005
£'000	£'000	£'000	£'000
27,041	27,572	-	-
204	105	204	105
1,279	1,377	81	139
28,524	29,054	285	244

BORROWINGS

Group

Analysis of borrowings
Payable by instalments:

Within one year
Between one and two years
Between two and five years
After more than five years
Prepaid finance costs

Other loans		Finance leases		Total	
2006	2005	2006	2005	2006	2005
£'000	£'000	£'000	£'000	£'000	£'000
573	531	149	53	722	584
617	573	141	52	758	625
2,156	2,000	63	54	2,219	2,054
24,827	25,600	-	-	24,827	25,600
(559)	(601)	-	-	(559)	(601)
27,614	28,103	353	159	27,967	28,262

Company

Analysis of borrowings
Payable by instalments:

Within one year
Between one and two years
Between two and five years

Other loans		Finance leases		Total	
2006	2005	2006	2005	2006	2005
£'000	£'000	£'000	£'000	£'000	£'000
-	-	149	53	149	53
-	-	141	52	141	52
-	-	63	54	63	54
-	-	353	159	353	159

**Notes to the Accounts
for the year ended 31st May 2006**

17 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 £28,172,549 of loan notes (2005: £28,703,841) 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 and matchday ticket sales. The costs incurred in raising the finance, amounting to £710,000, have been offset against the £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.

18 PROVISION FOR LIABILITIES AND CHARGES

	Group and Company		
	Pensions (note 24)	Contingent appearance fees (note 1)	Total
	£'000	£'000	£'000
At 1st June 2005	186	1,379	1,565
Utilised in the year	(86)	(959)	(1,045)
Provided in the year	-	229	229
At 31st May 2006	100	649	749

There are no amounts provided for deferred tax at 31st May 2006 or 31st May 2005.

19 EQUITY SHARE CAPITAL

	2006	2005
	£'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 2006**

20 RESERVES

	Share premium account	Revaluation reserve	Profit and loss account
Group	£'000	£'000	£'000
Balance at 1st June 2005	24,968	3,137	(27,706)
Transfer of reserves as a result of disposal of properties	-	46	(46)
Loss for the year	-	-	(10,794)
Balance at 31st May 2006	24,968	3,183	(38,546)

Company

	£'000	£'000	£'000
Balance at 1st June 2005	24,968	1,253	(24,286)
Transfer of reserves as a result of disposal of properties	-	46	(46)
Loss for the year	-	-	(10,784)
Balance at 31st May 2006	24,968	1,299	(35,116)

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT) / FUNDS

	2006	2005
Group	£'000	£'000
(Loss) / Profit for the year and net (reduction) / increase in shareholders' funds	(10,794)	23,509
Opening shareholders' funds / (deficit)	434	(23,075)
Closing shareholders' (deficit) / funds	(10,360)	434

**Notes to the Accounts
for the year ended 31st May 2006**

	2006	2005
	£'000	£'000
22 CASH FLOW STATEMENT		
<i>(a) Reconciliation of operating (loss) / profit to net cash inflow from operating activities</i>		
(Loss) / Profit before interest and tax	(8,608)	26,183
Loss / (Profit) on disposal of players' registrations	402	(23,364)
Profit on disposal of tangible fixed assets	(164)	(2,813)
Operating (loss) / profit	(8,370)	6
Depreciation charge	1,690	1,367
Release of grants	(98)	(98)
Amortisation of players' registrations	11,421	10,380
Decrease / (Increase) in stocks	274	(392)
Decrease / (Increase) in debtors	1,385	(1,101)
Decrease in provisions	(86)	(94)
Increase in creditors	6,775	3,236
Net cash inflow from operating activities	12,991	13,304

	At 1st June 2005	Cash flows	Non cash movements	At 31st May 2006
	£'000	£'000	£'000	£'000
22 CASH FLOW STATEMENT				
<i>(b) Analysis of changes in net debt</i>				
Cash at bank and in hand	8,732	(5,319)	-	3,413
	8,732	(5,319)	-	3,413
Debt due within one year	(531)	(42)	-	(573)
Debt due after one year	(27,572)	573	(42)	(27,041)
Hire Purchase agreements	(158)	(195)	-	(353)
Current asset investments	-	2,767	-	2,767
	(19,529)	(2,216)	(42)	(21,787)

**Notes to the Accounts
for the year ended 31st May 2006**

22 CASH FLOW STATEMENT CONTINUED

(c) Reconciliation of movements in Net Debt

(Decrease) / Increase in cash in the period

Purchase of current asset investment

Cash outflow from decrease in net debt

Cash (inflow) / outflow from increase / decrease in hire purchase financing

Change in net debt resulting from cash flows in the year

Non cash movements

Net Debt as at 1st June

Net Debt as at 31st May 2006

2006	2005
£'000	£'000
(5,319)	10,264
2,767	-
531	13,545
(195)	53
(2,216)	23,862
(42)	(60)
(19,529)	(43,331)
(21,787)	(19,529)

23 CONTINGENT LIABILITIES

No provision is included in the accounts for transfer fees of £1,501,500 (2005: £787,500) which are, as at 31st May 2006, contingent upon future appearances of certain players; or signing-on fees and loyalty bonuses, as at 31st May 2006, of £1,019,150 (2005: £1,397,500) which would become due to certain players if they are still in the service of the Club on specific future dates.

24 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 £505,144 (2005: £831,976).

25 POST BALANCE SHEET EVENTS

Since 31st May 2006, the Club has entered into transfer agreements for confirmed contracted net transfer fees payable of £10,980,000.

On 20th October 2006, Paul and Anita Gregg sold all of their Everton shares to BCR Sports Limited. On the same day they resigned from the Board of Everton Football Club.

26 FRS 8-RELATED PARTY TRANSACTIONS

Related parties - Houston Securities is a company controlled by the Gregg family and Mrs A Gregg is a director of that company. Mrs Gregg resigned as a director of Everton Football Club on 20th October 2006. During the year £60,000 (2005: £71,381) was paid to Houston Securities by Everton Football Club in relation to property transactions.

Everton Football 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 2006 Everton Football Club Company Limited employees held three of the seven Trustee positions at the Charity. During the year Everton Football Club Company Limited incurred net operating costs of £82,984 (2005: £137,096) on behalf of the Charity.

27 CAPITAL COMMITMENTS

Contracted but not provided for

2006	2005
£'000	£'000
-	1,242

First Team Results - Season 2005 - 2006

DATE	OPPONENT	V	RES	ATTENDANCE	PTS	POS
09.08.05	VILLARREAL (ECL Q3)	HOME	1-2	37,685	-	-
13.08.05	MANCHESTER UNITED	HOME	0-2	38,610	-	-
21.08.05	BOLTON WANDERERS	AWAY	1-0	25,608	3	12
24.08.05	VILLARREAL (ECL Q3)	AWAY	1-2	22,000	-	-
27.08.05	FULHAM	AWAY	0-1	17,169	3	17
10.09.05	PORTSMOUTH	HOME	0-1	36,831	3	18
15.09.05	DINAMO BUCHAREST (UEFA 1)	AWAY	1-5	11,500	-	-
19.09.05	ARSENAL	AWAY	0-2	38,121	3	19
24.09.05	WIGAN ATHLETIC	HOME	0-1	37,189	3	19
29.09.05	DINAMO BUCHAREST (UEFA 1)	HOME	1-0	21,843	-	-
02.10.05	MANCHESTER CITY	AWAY	0-2	42,681	3	20
15.10.05	TOTTENHAM HOTSPUR	AWAY	0-2	36,247	3	20
23.10.05	CHELSEA	HOME	1-1	36,042	4	20
26.10.05	MIDDLESBROUGH (CC3)	HOME	0-1	25,844	-	-
29.10.05	BIRMINGHAM CITY	AWAY	1-0	26,554	7	18
06.11.05	MIDDLESBROUGH	HOME	1-0	34,349	10	16
19.11.05	WEST BROMWICH ALBION	AWAY	0-4	24,784	10	18
27.11.05	NEWCASTLE	HOME	1-0	36,207	13	16
03.12.05	BLACKBURN ROVERS	AWAY	2-0	22,064	16	16
11.12.05	MANCHESTER UNITED	AWAY	1-1	67,831	17	15
14.12.05	WEST HAM UNITED	HOME	1-2	35,704	17	15
17.12.05	BOLTON WANDERERS	HOME	0-4	34,500	17	16
26.12.05	ASTON VILLA	AWAY	0-4	32,432	17	16
28.12.05	LIVERPOOL	HOME	1-3	40,158	17	17
31.12.05	SUNDERLAND	AWAY	1-0	30,576	20	16
02.01.06	CHARLTON ATHLETIC	HOME	3-1	34,333	23	15
07.01.06	MILLWALL (FAC3)	AWAY	1-1	16,440	-	-
14.01.06	PORTSMOUTH	AWAY	1-0	20,094	26	14
18.01.06	MILLWALL (FAC3)	HOME	1-0	25,800	-	-
21.01.06	ARSENAL	HOME	1-0	36,920	29	11
28.01.06	CHELSEA (FAC4)	HOME	1-1	29,742	-	-
31.01.06	WIGAN ATHLETIC	AWAY	1-1	21,731	30	12
04.02.06	MANCHESTER CITY	HOME	1-0	37,827	33	11
08.02.06	CHELSEA (FAC4)	AWAY	1-4	39,301	-	-
11.02.06	BLACKBURN ROVERS	HOME	1-0	35,615	36	10
25.02.06	NEWCASTLE UNITED	AWAY	0-2	51,916	36	11
04.03.06	WEST HAM UNITED	AWAY	2-2	34,866	37	12
11.03.06	FULHAM	HOME	3-1	36,515	40	11
18.03.06	ASTON VILLA	HOME	4-1	36,507	43	9
25.03.06	LIVERPOOL	AWAY	1-3	44,923	43	10
01.04.06	SUNDERLAND	HOME	2-2	38,093	44	10
08.04.06	CHARLTON ATHLETIC	AWAY	0-0	26,954	45	11
15.04.06	TOTTENHAM HOTSPUR	HOME	0-1	39,856	45	11
17.04.06	CHELSEA	AWAY	0-3	41,765	45	12
22.04.06	BIRMINGHAM CITY	HOME	0-0	35,420	46	12
29.04.06	MIDDLESBROUGH	AWAY	1-0	29,224	49	11
07.05.06	WEST BROMWICH ALBION	HOME	2-2	39,671	50	11

FAC = FA CUP

CC = CARLING CUP

ECL = EUROPEAN CHAMPIONS LEAGUE

UEFA = UEFA CUP

Barclays Premiership - Final League Placings 2005 - 2006

	HOME					AWAY					GL DIFF	PTS	
	P	W	D	L	F	A	W	D	L	F			A
CHELSEA	38	18	1	0	47	9	11	3	5	25	13	50	91
MANCHESTER UNITED	38	13	5	1	37	8	12	3	4	35	26	38	83
LIVERPOOL	38	15	3	1	32	8	10	4	5	25	17	32	82
ARSENAL	38	14	3	2	48	13	6	4	9	20	18	37	67
TOTTENHAM HOTSPUR	38	12	5	2	31	16	6	6	7	22	22	15	65
BLACKBURN ROVERS	38	13	3	3	31	17	6	3	10	20	25	9	63
NEWCASTLE UNITED	38	11	5	3	28	15	6	2	11	19	27	5	58
BOLTON WANDERERS	38	11	5	3	29	13	4	6	9	20	28	8	56
WEST HAM UNITED	38	9	3	7	30	25	7	4	8	22	30	-3	55
WIGAN ATHLETIC	38	7	3	9	24	26	8	3	8	21	26	-7	51
EVERTON	38	8	4	7	22	22	6	4	9	12	27	-15	50
FULHAM	38	13	2	4	31	21	1	4	14	17	37	-10	48
CHARLTON ATHLETIC	38	8	4	7	22	21	5	4	10	19	34	-14	47
MIDDLESBROUGH	38	7	5	7	28	30	5	4	10	20	28	-10	45
MANCHESTER CITY	38	9	2	8	26	20	4	2	13	17	28	-5	43
ASTON VILLA	38	6	6	7	20	20	4	6	9	22	35	-13	42
PORTSMOUTH	38	5	7	7	17	24	5	1	13	20	38	-25	38
BIRMINGHAM CITY	38	6	5	8	19	20	2	5	12	9	30	-22	34
WEST BROMWICH ALBION	38	6	2	11	21	24	1	7	11	10	34	-27	30
SUNDERLAND	38	1	4	14	12	37	2	2	15	14	32	-43	15

FIXTURES 2006 -2007

AUG	SAT	19	WATFORD	H	JAN	MON	01	MANCHESTER CITY	A
	WED	23	BLACKBURN ROVERS	A		SAT	06	FA CUP 3	
	SAT	26	TOTTENHAM HOTSPUR	A		WED	10	CARLING CUP SEMI FINAL	
SEP	SAT	09	LIVERPOOL	H		SAT	13	READING	H
	SAT	16	WIGAN ATHLETIC	H		SAT	20	WIGAN ATHLETIC	A
	WED	20	CARLING CUP 2			WED	24	CARLING CUP SEMI FINAL	
	SUN	24	NEWCASTLE UNITED	A		SAT	27	FA CUP 4	
	SAT	30	MANCHESTER CITY	H		WED	31	TOTTENHAM HOTSPUR	H
OCT	SAT	14	MIDDLESBROUGH	A	FEB	SAT	03	LIVERPOOL	A
	SAT	21	SHEFFIELD UNITED	H		SAT	10	BLACKBURN ROVERS	H
	WED	25	CARLING CUP 3			SAT	17	FA CUP 5	
	SAT	28	ARSENAL	A		SAT	24	WATFORD	A
	SAT	04	FULHAM	A		SUN	25	CARLING CUP FINAL	
NOV	WED	08	CARLING CUP 4		MAR	SAT	03	SHEFFIELD UNITED	A
	SAT	11	ASTON VILLA	H		SAT	10	FA CUP 6	
	SAT	18	BOLTON WANDERERS	H		SAT	17	ARSENAL	H
	SAT	25	CHARLTON ATHLETIC	A		SAT	31	ASTON VILLA	A
	WED	29	MANCHESTER UNITED	A		SAT	07	FULHAM	H
DEC	SUN	03	WEST HAM UNITED	H	APR	MON	09	BOLTON WANDERERS	A
	SAT	09	PORTSMOUTH	A		SUN	15	CHARLTON ATHLETIC	H
	SUN	17	CHELSEA	H		SAT	21	WEST HAM UNITED	A
	WED	20	CARLING CUP 5			SAT	28	MANCHESTER UNITED	H
	SAT	23	READING	A	MAY	SAT	05	PORTSMOUTH	H
	TUE	26	MIDDLESBROUGH	H		SUN	13	CHELSEA	A
	SAT	30	NEWCASTLE UNITED	H		SAT	19	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

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