

# **EVERTON FOOTBALL CLUB COMPANY LIMITED**

Annual Report and Accounts 2016

Company Registration Number 36624

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COMPANIES HOUSE

# DIRECTORS AND PROFESSIONAL ADVISERS

## **DIRECTORS**

W Kenwright CBE Chairman

J V Woods Deputy Chairman

R Elstone (Appointed 10 March 2016)

A Ryazantsev (Appointed 10 March 2016)

D Barrett-Baxendale MBE (Appointed 13 July 2016)

K Harris (Appointed 14 October 2016)

R I Earl (Resigned 9 March 2016)

## **CHIEF EXECUTIVE**

R Elstone

## **DEPUTY CHIEF EXECUTIVE**

D Barrett-Baxendale MBE

## **COMPANY SECRETARY**

C Anderson

## **REGISTERED OFFICE**

Goodison Park

Liverpool L4 4EL

## **AUDITOR**

Deloitte LLP

Chartered Accountants & Statutory Auditor

Horton House, Exchange Flags, Liverpool L2 3PG

## **BANKERS**

Barclays Bank PLC, Liverpool North Group

337/339 Stanley Road, Bootle Liverpool L20 3EB

## **REGISTRARS**

Capita IRG

The Registry Northern House, Woodsome Park, Fenay Bridge

Huddersfield, West Yorkshire HD8 0GA

## **COMPANY REGISTRATION NUMBER**

36624

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# CHAIRMAN'S STATEMENT

Bill Kenwright

## A YEAR OF CHANGE

Every time I write my introduction for the annual report I am staggered by how much has happened in the 12 months that has gone before. While I should know by now that football moves at a blistering pace, when looking back over the past year it is remarkable just how much change we've been through. I am certain that this change has made us stronger...

And I'm more positive now about the future of our great Club than I ever have been during my time as Chairman. Those who know me will appreciate how hard I've been looking for the right person to take our Club forward. I have no doubt that in Farhad Moshiri we have found someone not only with the wherewithal - and we all know how important that is these days - but also with a deep understanding of the game and a growing appreciation of all things Everton.

To say he fell in love with us on his first visit to Goodison would be an understatement. He instantly felt at home here and immediately took to immersing himself in our culture and understanding the values that make our Club so special. Farhad is an Evertonian now - he's one of us, part of our big blue family and I know he will always do his best for us.

Welcome, my friend.

## FAMILY VALUES

The ethos of Everton is what sets us apart. The bond between the Club, fans and the community is unique and it's what rightfully earned us the honour of being accepted as the People's Club. While we are ambitious and determined, we are also extremely proud, caring and compassionate. These are Everton values. Values that haven't and won't change. They are what makes Everton Everton, and are brought to life by some of the stories and images in this report.

## HIGHS AND LOWS

I must start my review of the last twelve months by addressing what was a very difficult end to the season. Anyone who has ever met Roberto Martinez will have been bowled over by his warmth and positivity. He simply loved Everton and was tremendously driven to succeed as our manager. We should remember Roberto's contribution over his three seasons with us, not just how it ended. In that wonderful first season we all believed the School of Science was on its way back, as he guided us to our highest ever Premier League points total. The following season saw us become the last British team in Europe as we reached the final 16 in the Europa League. The 2015/16 season saw us reach two domestic cup semi-finals in a season - something we hadn't done since 1984.

But, ultimately, our final league positions over the last two seasons were not good enough and we had to make our decision based on that.

David Unsworth so eloquently stated when he took charge with Big Joe for the final game of the season that 'a good man had lost his job'. David was right. We wish Roberto all the best in his new role with the Belgium national team. So it was a sad end to what could have been an historic season. Two cup semi-finals is no mean feat and with a bit more fortune at the right times, who knows...

The road to Wembley had many high points with some clinical performances from the team and, as always, incredible support from the travelling Toffees. Thank you to everyone who continued to turn the away ends blue last season and got behind the team so magnificently. To those who literally travelled from one end of the country to another in following our Cup campaign, please know that you have our respect and admiration.

In a season that was generally disappointing at home, The Grand Old Lady still provided us with some great memories. Naisy's hat-trick against Chelsea epitomised the spirit and quality we were showing in the early part of the season. Followed by a similar treble from Arouna against Sunderland. And there were echoes of the old Goodison Roar not only when Romelu destroyed Chelsea on a thrilling night under the lights, but also when Duncan almost - and, oh, do we wish he had - connected with a diving header in front of the Gwladys Street against our old Spanish archenemies in his well-deserved testimonial.

And then there was Tony Bellew and his world title fight. What a night! What an Evertonian! What brilliant support. Well done Champ - our star of the Big Screen and, for one unforgettable night, our hero at Goodison Park.

## LOOKING AHEAD

As I started by saying, I truly believe that as a result of this period of change, there are positive times ahead. In Ronald Koeman, we have one of the most talented, most respected and most ambitious managers in the game. He was always our number one target and he's already making an impact, shown by some of our early season form.

While we may not have finally done the amount of business in the summer transfer window that we would have liked, we still added considerable strength and experience to our squad. In Maarten Stekelenburg, we have a goalkeeper who has played at the very highest level. Idrissa Gana Gueye has had a tremendous start to his career with Everton and is already becoming a fans' favourite, as are Yannick Bolasie and Ashley Williams. And in your striker we obviously believe we have

"one for the future". I must congratulate both Ashley and 'our' Seamus for their wonderful achievements as captains of their national teams this summer. We have also become stronger through the addition of Steve Walsh as Director of Football. Steve played a key role in Leicester's remarkable title success and will provide Ronald and the football staff with support in player recruitment.

Both Ronald and Steve have been hugely impressed by the work of David Unsworth and the quality coming through our Academy. We've all got reason to be excited when we look at the success of our young teams over the last twelve months. 2015/16 saw us victorious in the Lancashire Cup, The Liverpool Senior Cup, The NI Super Cup and the Dallas Cup no less.

Like all Evertonians, I was so proud to see Matty, Tom, Kieran, Callum and Jonjo doing so well in Premier League fixtures towards the end of the season. It's also impossible not to be impressed by the start young Mason Holgate has made to his Everton first team career. I'm sure they all have long and exciting Blue futures ahead of them. I must also pay tribute here to Joe Royle – who plays a terrific role as the Elder Statesman (he'll hate me saying that!) of the Academy's programme!!

We've strengthened the Board too, and I was delighted to be able to confirm Alexander Ryazantsev, Keith Harris, Robert Elstone and Denise Barrett-Baxendale as Directors, each bringing different and complementary skills.

In our work in the community, we have made progress over the last year. We have extended our Free School and developed a Community Hub that will provide important services to our neighbours throughout the year, seven days a week.

It's important to us that we help improve the facilities in and around our neighbourhood and this includes the work we are doing to improve the appearance of the exterior of Goodison. On the subject of our stadium, you may be aware that we have been investigating a number of sites in the city since the opportunity at Walton Hall Park ended. Our work with the Council will continue and we hope to be in a position to provide an update on our progress soon.

## **FOREVER EVERTON**

So, lots of changes, lots of highs and lows – as it will always be in this game we love - but some things at Everton do stay the same. I continue to be staggered by the dedication and passion of our fans - nearly three and a half thousand made the trip to MK Dons for a mid-week friendly... and Goodison packed for every single Premier League game. Just magnificent.

Our fans are the best in the league. The best in the world. And I'd like to thank each and every one of you for the support you give us. You are Everton. And that's not just about commitment, it's about showing class.

That class was never more evident than during last season. The Fans' Forum were tremendous in leading our fundraising efforts to support the victims of the floods in Carlisle. Respect and dignity were shown when former players, like Derek Mayers, Bert Llewellyn and Johnny King, passed away in 2016 and, of course, this was exemplified by the way we all said our final goodbyes to our greatest ever manager. The irreplaceable 'H'. Once again we admired the magnificent Hillsborough Family Support Group as they were victorious in the greatest victory football has ever seen. Ross joined the fans in saluting the contribution of one of the men behind the success of our Academy, Sid Benson. How fitting that Ross scored that night wearing the captain's armband on one arm and a black armband in tribute to Sid on the other. And who could forget the story of Goal of the Month winner George Shaw... This is what Everton is really about - and it's all down to how special Evertonians are. That, I know, will never change.

God bless you.

COYB



Wayne Kerrwright CBE  
Director

# FINANCIAL REVIEW

## for the year ended 31 May 2016

	2016	2015
League Position	11th	11th
Average League Attendance	38,132	38,406
Revenue	£121.5m	£125.6m
Wages / Turnover Ratio	69%	62%
Operating (Loss) / Profit Before Player Trading	(£6.0m)	£17.6m
Loss After Tax	(£24.3m)	(£4.6m)
Net Liabilities	(£43.4m)	(£19.1m)
Net Debt	(£54.8m)	(£31.3m)

### TRADING PERFORMANCE

The Club achieved its second highest turnover in 2016, only eclipsed by the previous season where the Club benefited from increased revenues having competed in the UEFA Europa League. Broadcast income increased by £0.8m as a result of the Club receiving 18 live Premier League television selections compared to 17 in 2014/15. The Club received the same Premier League placing payment for its league position as 2014/15 due to finishing 11th in both seasons. Other fixed Premier League broadcast payments were consistent with the previous season. In 2015/16 Everton received the tenth highest Premier League broadcasting distribution (ninth in 2014/15).

The Club's gate receipts income decreased by £0.3m due to the impact of no European football offset by the Club's improved domestic Cup performances. In the previous season the Club benefitted from additional gate receipts from the UEFA Europa League, where the Club reached the Round of 16. The impact of this lost revenue was reduced by the increased revenues from reaching the Semi Final in both Cup competitions, compared to Round 3 exits in the League Cup and FA Cup in 2014/15.

The Club achieved an average league attendance of 38,132 compared to 38,406 in 2014/15. This is only the second time in the last 20 years that the Club has secured consecutive average league attendances above 38,000. The sustained attendances were a direct result of another year of successful Season Ticket and hospitality membership campaigns. The Club secured c27,500 Season Ticket holders, just below the c28,800 secured in 2014/15.

The Club's sponsorship, advertising and merchandising revenue decreased from £10.4m in 2015 to £9.3m in 2016 due to the reductions in European performance bonuses received from commercial partners in 2015. The Club continues to benefit from the long term support of key partners such as Chang, Kitbag and Umbro. The decrease in other commercial activities revenue from £15.6m in 2015 to £12.1m in 2016 is also due to the Club not benefiting commercially from participating in the UEFA Europa League.

The sustained turnover levels enabled continued investment in the playing squad, with the additions of Funes Mori, Deulofeu, Cleverley, Lennon and Niasse, together with the Club securing new contract extensions with McCarthy, Mirallas, Besic, Galloway and Oviedo. This investment led to staff costs rising by 8% to £84.0m (2015: £77.5m). These new contracts have increased the Club's wages as a percentage of turnover to 69%, although when comparing to other clubs outsourced revenues should be

added back (retail and catering). The Club's wages as a percentage of turnover including outsourced catering and retail was 65% in 2015/16.

The Club incurred £11.3m exceptional costs in 2016, not present in 2015, which related to settlement costs for the termination of former employees and other costs in relation to the change in coaching staff in the year.

As a result of the key factors outlined above, the Club recorded an operating loss for the year before player trading of £6.0m (2015: profit of £17.6m). The inclusion of the amortisation of players' registrations of £22.4m (2015: £19.1m), and profit on disposal of player registrations of £7.8m (2015: £3.3m), gives a loss before interest and taxation of £20.6m compared to a profit of £1.8m in 2015. With the incorporation of the annual net interest charge of £3.7m (2015: £6.4m), principally arising from the servicing of the securitised debt and the bank overdraft, as well as interest receivable, the results for the year present a post-tax loss of £24.3m (2015: loss of £4.6m).

### BALANCE SHEET AND FUNDING

As a result of the above trading, the balance sheet shows a net liability position of £43.4m (2015: £19.1m). However, it should be noted that the balance sheet contains £12.1m of deferred income in relation to advance Season Ticket and lounge membership sales which will be released to the profit and loss account as games are played during the 2016/17 season, hence will not require repayment. Furthermore it is important to note that the intangible assets value of £69.1m represents the value paid to acquire players' registrations less annual amortisation amounts. This does not reflect the true value of the playing squad and attributes little value in respect of home-grown players such as Ross Barkley.

Cash inflow from operating activities was £7.4m (2015: £11.0m). After net interest payments of £4.6m, net payments on player transfers of £24.7m and £1.5m of capital expenditure and net cash inflows from financing of £14.8m, the decrease in cash for the year was £8.6m (2015: £12.3m). The Club's net debt position increased by £23.5m from £31.3m to £54.8m in 2016. The net debt of the Club has averaged £41m over the last 5 years and is considered to be well managed, with the Club benefitting from the continued support of long-standing lenders. Subsequent to the year-end, the Club's majority shareholder has provided an interest free loan of £80m with no agreed repayment date. This funding has been used post year end to reduce the Club's long term debt by repaying the entire other loans balance of £54.8m (see note 16) and to pay exceptional items.

# STRATEGIC REPORT

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Group and its subsidiary undertakings when viewed as a whole.

## REVIEW OF BUSINESS AND KEY PERFORMANCE INDICATORS

The results of the year's trading are shown on page 10 of the financial statements. A detailed review of the Group's business, key performance indicators including wages to turnover ratio and operating profit before player trading, an indication of the likely future developments, and the risks and uncertainties facing the Group are contained in the Chairman's Statement on page 3, and the Financial Review on page 5.

## PRINCIPAL RISKS AND UNCERTAINTIES

In ensuring that the Group has sufficient liquid resources to meet its liabilities as they fall due the Directors have reviewed in detail the business' cash flow projections. As disclosed in note 1, during the 2015/16 season the Group met its day to day working capital requirements through its cash reserves, bank loan and overdraft. As disclosed in note 16 the overdraft facility has not been renewed post year end and all bank loans present at the 31 May 2016 have since been repaid, following investment from the majority shareholder post year end.

Additionally, because of the predictable nature of football club revenue streams, the Group has obtained further funding post year end through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past. This facility is repayable on 14 July 2017. Based on ongoing dialogue with the existing and potential funders, the Directors are confident that this facility will be replaced by an equivalent facility on repayment.

The timing of the expiry of this facility on 14 July 2017 allows the Directors and current or alternative funding partners to agree appropriate facilities for the following season based on performance in the 2016/17 Premier League season and reflect activities, including the Group's player trading activity in the January 2017 transfer window and the start of the summer 2017 transfer window.

The Directors believe that it is the current lender's intention to renew the facility agreement or the Directors are confident alternative sources of funding can be put in place for the following season, in each case subject to review at the end of the current football season with the knowledge of the level of player trading over the period and with the amount and terms to be negotiated at the appropriate time. The Directors acknowledge the need for further discussion and agreement with potential funding partners, thereby giving rise to a degree of uncertainty on the final outcome regarding funding. However, the Directors consider discussions with existing and potential funders to be of appropriate comfort to them in the circumstances. In particular, the Directors consider it to be common practice for many Premier League football clubs for the exact level and terms of facilities to be reviewed at the end of each football season. Based on the ongoing dialogue with funding partners, the Directors are confident that the current facilities will be renewed at a similar level, or replaced by equivalent facilities, for the 2017/18 Premier League season.

The Group's trading projections show that it has a reasonable expectation of staying within its currently available, and future anticipated, finance

facilities for at least 12 months from the date of signing of these accounts. In preparing these trading projections, a number of additional inherent uncertainties have been identified; notably on-field performance and the resultant reduction in the Premier League domestic broadcasting merit award payment and the level of player trading.

The Directors have considered the uncertainty surrounding the renewal of the facilities and other inherent uncertainties and, in the event that they would be required, have identified a number of potential mitigating actions to manage any resulting forecast shortfall against current facilities including the ability within the industry to securitise additional future guaranteed revenues and flexibility around player trading.

Based on the mitigating actions referred to above and the comfort obtained from current and potential funding partners, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the Annual Report and Accounts.

The Club is regulated by the rules of the FA, Premier League, UEFA and FIFA. Any change to FA, Premier League, UEFA and FIFA regulations in future could have an impact on the Group as the regulations cover areas such as: the format of competitions, financial fair play, the division of broadcasting income, the eligibility of players and the operation of the transfer market. The Group monitors its compliance with all applicable rules and regulations on a continuous basis and also monitors and considers the impact of any potential changes.

## FUTURE DEVELOPMENTS

The directors expect the general level of activity to remain consistent with 2016 in the forthcoming year.

Details of significant events since the balance sheet date are contained in note 22 to the financial statements.



**C Anderson**  
Company Secretary  
3 November 2016  
Goodison Park  
Liverpool  
L4 4EL

# DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 May 2016.

## 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.

## RESULT FOR THE YEAR

The loss for the year amounted to £24.3m (2015 loss: £4.6m), which has been transferred from reserves. The Directors are not able to recommend the payment of a dividend (2015: £nil).

## FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 6 and form part of this report by cross-reference.

## GOING CONCERN

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

## FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### Cash flow risk

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

### Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### Liquidity risk

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

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

## POLITICAL CONTRIBUTIONS

No political donations were made by the group or subsidiaries during the year (2015: same).

## DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and the Company intranet. Employee representatives from the Staff Forum are consulted regularly on a wide range of matters affecting their current and future interests. The employee staff forum is open to all employees.

## DIRECTORS

The Directors in office during the year are disclosed on page 1 (Directors and Advisors section).

# DIRECTORS' REPORT

continued

## Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.



C Anderson  
Company Secretary  
3 November 2016  
Goodison Park  
Liverpool  
L4 4EL

# AUDITOR'S REPORT

## Independent auditor's report to the members of Everton Football Club Company Limited

We have audited the financial statements of Everton Football Club Company Limited for the year ended 31 May 2016 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent company statements of changes in equity, the consolidated and parent company cash flow statements and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 May 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

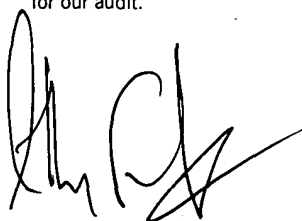
### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



**Anthony J Farnworth** BA (Hons) ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Liverpool, United Kingdom  
3 November 2016

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2016

		OPERATIONS EXCLUDING PLAYER TRADING	PLAYER TRADING	TOTAL	TOTAL
		2016		2015	
	NOTES	£'000	£'000	£'000	£'000
<b>Turnover</b>	<b>1,2</b>	<b>121,541</b>	<b>-</b>	<b>121,541</b>	<b>125,572</b>
Operating expenses	3	(116,255)	(22,398)	(138,653)	(127,104)
Operating expenses - exceptional costs	3	(11,335)	-	(11,335)	-
<b>Operating loss</b>	<b>4</b>	<b>(6,049)</b>	<b>(22,398)</b>	<b>(28,447)</b>	<b>(1,532)</b>
Profit on disposal of football staff registrations		-	7,815	7,815	3,311
Profit on disposal of tangible fixed assets		-	-	-	8
<b>(Loss) / profit before interest and taxation</b>		<b>(6,049)</b>	<b>(14,583)</b>	<b>(20,632)</b>	<b>1,787</b>
Interest receivable and similar income	5			1,354	9
Interest payable and similar charges	6			(5,055)	(6,389)
Loss on ordinary activities before taxation				(24,333)	(4,593)
Tax on loss on ordinary activities	8			-	(14)
<b>Loss after taxation for the year transferred from reserves</b>				<b>(24,333)</b>	<b>(4,607)</b>

All the above amounts derive from continuing operations.

There are no recognised gains and losses for the year ended 31 May 2016 and the prior year other than as stated in the consolidated profit and loss account, accordingly no separate consolidated statement of comprehensive income is given.

# CONSOLIDATED BALANCE SHEET

at 31 May 2016

	NOTES	2016		2015	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	10		69,125		50,833
Tangible assets	11		8,596		8,928
			<b>77,721</b>		<b>59,761</b>
<b>Current assets</b>					
Debtors					
- Due within one year	14	16,734		16,011	
- Due after one year	14	1,928		-	
Investments	12	2,767		2,767	
Cash at bank and in hand		-		5,909	
		<b>21,429</b>		<b>24,687</b>	
Creditors - amounts falling due within one year	15	(113,182)		(68,364)	
<b>Net current liabilities</b>			<b>(91,753)</b>		<b>(43,677)</b>
<b>Total assets less current liabilities</b>			<b>(14,032)</b>		<b>16,084</b>
Creditors - amounts falling due after more than one year	16		(28,604)		(34,102)
Provision for liabilities	17		(768)		(1,053)
<b>Net liabilities</b>			<b>(43,404)</b>		<b>(19,071)</b>
<b>Capital and reserves</b>					
Called up share capital	18		35		35
Share premium account	18		24,968		24,968
Profit and loss account - deficit	18		(68,407)		(44,074)
<b>Shareholders' deficit</b>			<b>(43,404)</b>		<b>(19,071)</b>

The financial statements of the Everton Football Club Company Limited, registered number 36624, were approved by the Board on the 3 November 2016 and signed on its behalf by



W Kenwright CBE  
Director

# COMPANY BALANCE SHEET

at 31 May 2016

		2016		2015	
	NOTES	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	10		69,125		50,833
Tangible assets	11		4,290		4,375
			<b>73,415</b>		<b>55,208</b>
<b>Current assets</b>					
Debtors					
- Due within one year	14	14,488		15,280	
- Due after one year	14	1,928		-	
Investments	12	-		-	
Cash at bank and in hand		-		3,976	
		<b>16,416</b>		<b>19,256</b>	
Creditors - amounts falling due within one year	15	(123,265)		(77,445)	
<b>Net current liabilities</b>			<b>(106,849)</b>		<b>(58,189)</b>
<b>Total assets less current liabilities</b>			<b>(33,434)</b>		<b>(2,981)</b>
Creditors - amounts falling due after more than one year	16		(9,215)		(13,492)
Provision for liabilities	17		(768)		(1,053)
<b>Net liabilities</b>			<b>(43,417)</b>		<b>(17,526)</b>
<b>Capital and reserves</b>					
Called up share capital	18		35		35
Share premium account	18		24,968		24,968
Profit and loss account - deficit	18		(68,420)		(42,529)
<b>Shareholders' deficit</b>			<b>(43,417)</b>		<b>(17,526)</b>

The financial statements of the Everton Football Club Company Limited, registered number 36624, were approved by the Board on the 3 November 2016 and signed on its behalf by



W Kenwright CBE  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

at 31 May 2016

		CALLED-UP SHARE CAPITAL	SHARE PREMIUM ACCOUNT	REVALUATION RESERVE	PROFIT AND LOSS ACCOUNT	TOTAL
	NOTES	£'000	£'000	£'000	£'000	£'000
At 31 May 2014 as previously stated		35	24,968	3,049	(42,516)	(14,464)
Changes on transition to FRS 102	25	-	-	(3,049)	3,049	-
At 1 June 2014 as restated		35	24,968	-	(39,467)	(14,464)
Loss for the financial year and total comprehensive income	25	-	-	-	(4,607)	(4,607)
At 31 May 2015		35	24,968	-	(44,074)	(19,071)
Loss for the financial year and total comprehensive income		-	-	-	(24,333)	(24,333)
At 31 May 2016		35	24,968	-	(68,407)	(43,404)

# COMPANY STATEMENT OF CHANGES IN EQUITY

at 31 May 2016

		CALLED-UP SHARE CAPITAL	SHARE PREMIUM ACCOUNT	REVALUATION RESERVE	PROFIT AND LOSS ACCOUNT	TOTAL
	NOTES	£'000	£'000	£'000	£'000	£'000
At 31 May 2014 as previously stated		35	24,968	1,165	(39,083)	(12,915)
Changes on transition to FRS 102	25	-	-	(1,165)	1,165	-
At 1 June 2014 as restated		35	24,968	-	(37,918)	(12,915)
Loss for the financial year and total comprehensive income	25	-	-	-	(4,611)	(4,611)
At 31 May 2015		35	24,968	-	(42,529)	(17,526)
Loss for the financial year and total comprehensive income		-	-	-	(25,891)	(25,891)
At 31 May 2016		35	24,968	-	(68,420)	(43,417)

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 May 2016

		2016	2015
	NOTES	£'000	£'000
<b>Net cash flows from operating activities</b>	19a	<b>7,397</b>	<b>10,978</b>
<b>Taxation</b>		-	(14)
<b>Cash flow from investing activities</b>			
Proceeds from disposal of players' registrations		7,687	21,467
Proceeds from sale of tangible fixed assets		-	8
Purchase of players' registrations		(32,391)	(27,512)
Purchase of tangible fixed assets		(1,510)	(2,694)
Interest received		109	9
<b>Net cash flows from investing activities</b>		<b>(26,105)</b>	<b>(8,722)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(4,747)	(5,456)
Repayments of borrowings		(20,125)	(27,968)
Repayments of obligations under finance lease		(66)	(89)
New loans		35,000	19,000
<b>Net cash flows from financing activities</b>		<b>10,062</b>	<b>(14,513)</b>
<b>Net decrease in cash</b>	19c	<b>(8,646)</b>	<b>(12,271)</b>
Cash at bank and in hand at beginning of year		5,909	18,180
Net decrease in cash		(8,646)	(12,271)
<b>Cash at bank and in hand at end of year</b>		<b>(2,737)</b>	<b>5,909</b>

# COMPANY CASH FLOW STATEMENT

for the year ended 31 May 2016

		2016	2015
	NOTES	£'000	£'000
<b>Net cash flows from operating activities</b>	19a	<b>4,514</b>	<b>7,832</b>
<b>Taxation</b>		-	-
<b>Cash flow from investing activities</b>			
Proceeds from disposal of players' registrations		7,687	21,467
Proceeds from sale of tangible fixed assets		-	8
Purchase of players' registrations		(32,391)	(27,512)
Purchase of tangible fixed assets		(1,510)	(2,694)
Interest received		102	2
<b>Net cash flows from investing activities</b>		<b>(26,112)</b>	<b>(8,729)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(3,105)	(3,732)
Repayments of borrowings		(19,000)	(26,924)
Repayments of obligations under finance lease		(66)	(89)
New loans		35,000	19,000
<b>Net cash flows from financing activities</b>		<b>12,829</b>	<b>(11,745)</b>
<b>Net decrease in cash</b>	19c	<b>(8,769)</b>	<b>(12,642)</b>
Cash at bank and in hand at beginning of year		3,976	16,618
Net decrease in cash		(8,769)	(12,642)
<b>Cash at bank and in hand at end of year</b>		<b>(4,793)</b>	<b>3,976</b>

# NOTES TO THE ACCOUNTS

## for the year ended 31 May 2016

### 1 - Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### (a) General information and basis of accounting

Everton Football Club Company Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1.

The nature of the group's operations and its principal activities are set out in the strategic report on page 6.

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

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 25.

The functional currency of Everton Football Club Company Limited and its subsidiaries is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

#### (b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 May each year. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### (c) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

During the 2015/16 season the Group met its day to day working capital requirements through its cash reserves, bank loan and overdraft. As disclosed in note 16 the overdraft facility has not been renewed post year end and all bank loans present at the 31 May 2016 have since been repaid, following investment from the majority shareholder post year end.

Additionally, because of the predictable nature of football club revenue streams, the Group has obtained further funding post year end through

the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past. This facility is repayable on 14 July 2017. Based on ongoing dialogue with the existing and potential funders, the Directors are confident that this facility will be replaced by an equivalent facility on repayment.

The timing of the expiry of this facility on 14 July 2017 allows the Directors and current or alternative funding partners to agree appropriate facilities for the following season based on performance in the 2016/17 Premier League season and reflect activities, including the Group's player trading activity in the January 2017 transfer window and the start of the summer 2017 transfer window.

The Directors believe that it is the current lender's intention to renew the facility agreement or the Directors are confident alternative sources of funding can be put in place for the following season, in each case subject to review at the end of the current football season with the knowledge of the level of player trading over the period and with the amount and terms to be negotiated at the appropriate time. The Directors acknowledge the need for further discussion and agreement with potential funding partners, thereby giving rise to a degree of uncertainty on the final outcome regarding funding. However, the Directors consider discussions with existing and potential funders to be of appropriate comfort to them in the circumstances. In particular, the Directors consider it to be common practice for many Premier League football clubs for the exact level and terms of facilities to be reviewed at the end of each football season. Based on the ongoing dialogue with funding partners, the Directors are confident that the current facilities will be renewed at a similar level, or replaced by equivalent facilities, for the 2017/18 Premier League season.

The Group's trading projections show that it has a reasonable expectation of staying within its currently available, and future anticipated, finance facilities for at least 12 months from the date of signing of these accounts. In preparing these trading projections, a number of additional inherent uncertainties have been identified; notably on-field performance and the resultant reduction in the Premier League domestic broadcasting merit award payment and the level of player trading.

The Directors have considered the uncertainty surrounding the renewal of the facilities and other inherent uncertainties and, in the event that they would be required, have identified a number of potential mitigating actions to manage any resulting forecast shortfall against current facilities including the ability within the industry to securitise additional future guaranteed revenues and flexibility around player trading.

Based on the mitigating actions referred to above and the comfort obtained from current and potential funding partners, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the Annual Report and Accounts.

# NOTES TO THE ACCOUNTS

## for the year ended 31 May 2016 (continued)

### **(d) Turnover**

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

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

### **(e) 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.

### **(f) 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.

### **(g) i) 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.

### **(g) ii) 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.

### **(h) Intangible fixed assets - players' registrations**

The cost of players' registrations, including agents' fees, is capitalised and amortised over the period of the respective players' contracts in accordance with FRS 102 section 18 'Intangible assets other than goodwill'. The transfer fee levy refund received during the year is credited against additions to intangible assets.

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

### **(i) Contingent appearance fees**

Where the directors consider the likelihood of a player meeting future appearance criteria specified in the transfer agreement of the player to be probable, provision for this cost is made (see note 17). If the likelihood of meeting these criteria is merely possible not probable, then no provision is made but the potential obligations are disclosed as contingent liabilities (see note 20).

### **(j) Signing-on fees and loyalty bonuses**

Signing-on fees and loyalty bonuses represent a normal part of the employment cost of the player and as such are charged to the profit and loss account in the period in which the payment becomes due, except in the circumstances of a player disposal. In that case any remaining signing-on fees and loyalty bonuses due are allocated in full against profit or loss on disposal of players' registrations in the year in which the player disposal is made. Those instalments due in the future on continued service are not provided for but are noted as contingent liabilities (see note 20).

### **(k) Lease rentals**

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

### **(l) 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.

### **(m) Pensions**

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

# NOTES TO THE ACCOUNTS

## for the year ended 31 May 2016 (continued)

### (n) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect

the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

### (ii) Investments

In the Company balance sheet, investments in subsidiaries are measured at cost less impairment.

### (iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

### (iv) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

### (v) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price

# NOTES TO THE ACCOUNTS

## for the year ended 31 May 2016 (continued)

of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

### **(o) Impairment of assets**

#### **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### **Financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

### **(p) Critical accounting judgements and key sources of estimation uncertainty**

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

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

### **Contingent appearance fees**

Provisions and contingent liabilities relating to player transfers include the directors' best estimate of future events, such as the number of appearances made by players, which determine amounts that will become payable. Actual future costs may differ from the amounts provided.

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 2 - Turnover

Turnover, all of which originates in the United Kingdom, can be analysed as follows:

	2016	2015
	£'000	£'000
Broadcasting	82,500	81,690
Gate receipts	17,625	17,904
Sponsorship, advertising and merchandising	9,343	10,365
Other commercial activities	12,073	15,613
	<b>121,541</b>	<b>125,572</b>

Turnover comprises of the following:

**Broadcasting** - distributions from the FA Premier League broadcasting agreements, cup competition broadcasting rights and radio broadcasting rights.

**Gate receipts** - revenue generated from the sale of match tickets.

**Sponsorship, advertising and merchandising** - revenue generated from sponsorship and partnership contracts and net revenue received from outsourced retail operations.

**Other commercial activities** - includes revenue received from hospitality, catering, events and all other revenue sources.

The above turnover represents the net revenue received from outsourced retail and catering operations.

Turnover would increase by £7.5m to £129m (2015: £133.8m) if these operations were not outsourced.

## 3 - Operating expenses

	2016	2015
	£'000	£'000
Amortisation of players' registrations (note 10)	22,398	19,117
Staff costs (note 7)	83,985	77,515
Depreciation (note 11)	1,842	1,587
Other operating costs	30,428	28,885
Other operating costs - exceptional costs	11,335	-
<b>Total operating expenses</b>	<b>149,988</b>	<b>127,104</b>

The exceptional other operating costs relate to amounts payable to former employees and other costs in relation to the change in coaching staff in the year.

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 4 - Operating loss

The operating loss is stated after charging / (crediting):

	2016	2015
	£'000	£'000
Depreciation - property	263	265
Depreciation - other	1,579	1,322
Amortisation of grants	(38)	(38)
<b>Operating lease rentals</b>		
- Motor vehicles	252	206
- Office equipment	127	95
- Land and properties	1,004	979
<b>The analysis of auditor's remuneration is as follows:</b>		
Fees payable to the company's auditor for the audit of the company's annual accounts	55	53
Fees payable to the company's auditor for the audit of the company's subsidiaries	6	6
<b>Total audit fees</b>	<b>61</b>	<b>59</b>
<b>Other non-audit services</b>		
- Tax services	93	234
- Other services	64	1
<b>Total non-audit fees</b>	<b>157</b>	<b>235</b>

## 5 - Interest receivable and similar income

	2016	2015
	£'000	£'000
Bank interest receivable	13	9
Other interest receivable	96	-
Derivative financial instruments	1,245	-
	<b>1,354</b>	<b>9</b>

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 6 - Interest payable and similar charges

	2016	2015
	£'000	£'000
Bank overdrafts	332	339
Finance leases and hire purchase agreements	6	7
Other loans	3,484	3,476
Other interest payable	1,233	1,104
Derivative financial instruments	-	1,463
	<b>5,055</b>	<b>6,389</b>

Included in interest on other loans is interest of £1,585,000 (2015: £1,670,000) 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:

	2016	2015
	NUMBER	NUMBER
Playing, training and management	108	98
Youth Academy	47	38
Marketing and Media	41	32
Management and Administration	81	71
Maintenance, Security, Pitch and Ground Safety	38	35
	<b>315</b>	<b>274</b>

In addition, the Group employed an average of 445 temporary staff on matchdays (2015: 450).

Aggregate payroll costs for the above employees were as follows:

	2016	2015
	£'000	£'000
Wages and salaries	73,914	68,165
Social security costs	9,538	8,899
Other pension costs	533	451
	<b>83,985</b>	<b>77,515</b>

Directors' remuneration

	2016	2015
	£'000	£'000
Emoluments	770	370
Highest paid director	400	370

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 8 - Tax on loss on ordinary activities

There was no tax charge in the year (2015: £14,000).

### A) FACTORS AFFECTING THE TAX CHARGE FOR THE CURRENT YEAR

The tax assessed for the year is higher (2015: higher) than that resulting from applying the effective standard rate of corporation tax in the UK: 20% (2015: 20.83%).

	2016	2015
	£'000	£'000
Loss on ordinary activities before taxation	(24,333)	(4,593)
Tax on loss on ordinary activities at the standard rate	(4,866)	(957)
Expenses not deductible for tax purposes	272	2,837
Income not taxable for tax purposes	(8)	(8)
Creation of tax losses	4,602	(1,872)
Adjustments to tax charge in respect of previous periods	-	14
<b>Current tax charge for the year</b>	<b>-</b>	<b>14</b>

### B) FACTORS THAT MAY AFFECT THE FUTURE TAX CHARGE

Unrecognised deferred tax assets of the Group are £11.3m (2015: £7.6m). These assets will be utilised if sufficient taxable profits are generated by Group companies in future periods.

This asset primarily consists of carried forward losses of £59.2m, less the NBV of players into which profits have been rolled over and profits being rolled over. Decelerated capital allowances and pension assets are also included.

## 9 - Company profit and loss account

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not presented its own profit and loss account. The Company's loss for the year was £25,891,000 (2015 loss: £4,611,000).

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 10 - Intangible fixed assets - group and company

	TOTAL
	£'000
<b>Cost</b>	
At 1 June 2015	102,033
Additions in the year	42,328
Disposals in the year	(10,370)
<b>At 31 May 2016</b>	<b>133,991</b>
<b>Amortisation</b>	
At 1 June 2015	51,200
Provided during the year	22,398
Eliminated on disposals	(8,732)
<b>At 31 May 2016</b>	<b>64,866</b>
<b>Net book value</b>	
<b>At 31 May 2016</b>	<b>69,125</b>
At 31 May 2015	50,833

The intangible fixed assets relate entirely to the cost of players' registrations.

The Directors review the carrying value of the players' registrations for impairment. Where events or changes in circumstances indicate that the carrying value of the asset may not be recoverable, to the extent that the carrying value exceeds the recoverable amount, the asset is impaired and the impairment loss is recognised in the profit and loss.

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 11 - Tangible fixed assets

GROUP	FREEHOLD PROPERTIES	PLANT AND EQUIPMENT	VEHICLES	TOTAL
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 June 2015	11,409	15,042	205	26,656
Additions in the year	-	1,510	-	1,510
Disposals in the year	-	-	-	-
<b>At 31 May 2016</b>	<b>11,409</b>	<b>16,552</b>	<b>205</b>	<b>28,166</b>
<b>Depreciation</b>				
At 1 June 2015	6,617	10,991	120	17,728
Provided during the year	263	1,528	51	1,842
On disposals	-	-	-	-
<b>At 31 May 2016</b>	<b>6,880</b>	<b>12,519</b>	<b>171</b>	<b>19,570</b>
Net book value				
<b>At 31 May 2016</b>	<b>4,529</b>	<b>4,033</b>	<b>34</b>	<b>8,596</b>
At 31 May 2015	4,792	4,051	85	8,928

COMPANY	FREEHOLD PROPERTIES	PLANT AND EQUIPMENT	VEHICLES	TOTAL
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 June 2015	309	15,042	205	15,556
Additions in the year	-	1,510	-	1,510
Disposals in the year	-	-	-	-
<b>At 31 May 2016</b>	<b>309</b>	<b>16,552</b>	<b>205</b>	<b>17,066</b>
<b>Depreciation</b>				
At 1 June 2015	70	10,991	120	11,181
Provided during the year	16	1,528	51	1,595
On disposals	-	-	-	-
<b>At 31 May 2016</b>	<b>86</b>	<b>12,519</b>	<b>171</b>	<b>12,776</b>
Net book value				
<b>At 31 May 2016</b>	<b>223</b>	<b>4,033</b>	<b>34</b>	<b>4,290</b>
At 31 May 2015	239	4,051	85	4,375

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 12 - Investments

### FIXED ASSET INVESTMENTS

#### COMPANY

#### SUBSIDIARY UNDERTAKINGS

£

#### Cost

At 1 June 2015 and 31 May 2016

5

#### Net book value

At 1 June 2015 and 31 May 2016

5

Details of Company's subsidiaries as at 31 May 2016, all registered in England and Wales, were as follows:

NAME OF COMPANY	% OWNED	NATURE OF BUSINESS
Goodison Park Stadium Limited	100	Provision of football entertainment facilities
Everton Investments Limited	100	Issuer of loan notes
The Everton Ladies Football Club Limited	100	Professional football club

### CURRENT ASSET INVESTMENTS

#### GROUP

Current asset investments consist of four month treasury deposits of £2,767,000 (2015: £2,767,000).

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 13 - Lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	LAND AND PROPERTIES		OTHER		TOTAL	
	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Expiring within one year	-	-	9	82	9	82
Expiring between two and five years	441	-	748	74	1,189	74
Expiring in more than five years	61,614	63,058	-	-	61,614	63,058
	<b>62,055</b>	<b>63,058</b>	<b>757</b>	<b>156</b>	<b>62,812</b>	<b>63,214</b>

## 14 - Debtors

	GROUP		COMPANY	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year</b>				
Trade debtors	14,383	13,747	12,166	13,046
Other debtors	1	1	-	-
Prepayments and accrued income	2,350	2,263	2,322	2,234
	<b>16,734</b>	<b>16,011</b>	<b>14,488</b>	<b>15,280</b>
<b>Amounts falling due after one year</b>				
Trade debtors	1,928	-	1,928	-
	<b>1,928</b>	<b>-</b>	<b>1,928</b>	<b>-</b>

## 15 - Creditors - amounts falling due within one year

	GROUP		COMPANY	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank overdraft (secured)	2,737	-	4,793	-
Other loans (note 16)	36,213	20,125	35,000	19,000
Obligations under finance lease and hire purchase agreements	34	59	34	59
Trade creditors	15,228	13,364	15,206	13,358
Accruals and deferred income	49,907	24,949	38,216	13,885
Derivative financial instrument liability	218	1,463	218	1,463
Amounts due to subsidiaries	-	-	20,256	20,220
Social security and other taxes	8,845	8,404	9,542	9,460
	<b>113,182</b>	<b>68,364</b>	<b>123,265</b>	<b>77,445</b>

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 16 - Creditors - amounts falling due after more than one year

	GROUP		COMPANY	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Other loans (see borrowings below)	18,570	19,753	-	-
Obligations under finance lease and hire purchase agreements	20	55	20	55
Trade creditors	2,499	11,742	2,499	11,742
Accruals and deferred income	7,515	2,552	6,696	1,695
	<b>28,604</b>	<b>34,102</b>	<b>9,215</b>	<b>13,492</b>

### BORROWINGS

GROUP	BANK OVERDRAFT		OTHER LOANS		FINANCE LEASES AND HIRE PURCHASE		TOTAL	
Analysis of borrowings payable by instalments:	2016	2015	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	2,737	-	36,213	20,125	34	59	38,984	20,184
Between one and two years	-	-	1,307	1,213	20	55	1,327	1,268
Between two and five years	-	-	4,564	4,234	-	-	4,564	4,234
After more than five years	-	-	12,875	14,512	-	-	12,875	14,512
Prepaid finance costs	-	-	(176)	(206)	-	-	(176)	(206)
	<b>2,737</b>	<b>-</b>	<b>54,783</b>	<b>39,878</b>	<b>54</b>	<b>114</b>	<b>57,574</b>	<b>39,992</b>

COMPANY	BANK OVERDRAFT		OTHER LOANS		FINANCE LEASES AND HIRE PURCHASE		TOTAL	
Analysis of borrowings payable by instalments:	2016	2015	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	4,793	-	35,000	19,000	34	59	39,827	19,059
Between one and two years	-	-	-	-	20	55	20	55
	<b>4,793</b>	<b>-</b>	<b>35,000</b>	<b>19,000</b>	<b>54</b>	<b>114</b>	<b>39,847</b>	<b>19,114</b>

The bank overdraft is principally secured via a lightweight floating charge over all the assets and undertakings (excluding Goodison Park Stadium) of the Company. This overdraft facility expired on 31 July 2016 and has not been replaced post year end.

Other loans at 31 May 2016 includes £19,959,000 of loan notes (2015: £21,084,000) which at inception of the loan, 30 September 2002, had a repayable schedule of annual instalments over a 25 year period at a fixed interest rate of 7.79%.

The first payment under the agreement was made on 30 September 2002 amounting to £1,588,000 with subsequent annual payments of £2,767,000 (including interest) occurring each year since. These annual repayments had been made via a securitisation agreement serviced by future Season Ticket sales. The original costs incurred when raising the original loan finance agreement, amounting to £710,000, had been offset at inception against the original £30,000,000 loan, and are contained within prepaid finance costs and have been charged annually to the profit and loss in line with the annual repayments. This loan has since been paid in full post year end, see note 22.

Also included in other loans is a £35,000,000 (2015: £19,000,000) loan which at the 31 May 2016 was secured by legal charges over the Company's guaranteed Premier League broadcast revenues. This loan incurred interest at a rate of 5.2% and has been fully repaid post year end as disclosed in note 22.

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 17 - Provision for liabilities

	GROUP AND COMPANY	
	PENSIONS (NOTE 21)	CONTINGENT APPEARANCE FEES (NOTE 1)
	£'000	£'000
At 1 June 2015	492	561
Utilised in the year	(121)	(665)
Provided in the year	-	501
<b>At 31 May 2016</b>	<b>371</b>	<b>397</b>

The contingent appearance fees and pension provision are expected to be utilised within 1 and 6 years respectively.  
There are no amounts provided for deferred tax at 31 May 2016 or 31 May 2015.

## 18 - Share capital and reserves

### THE GROUP AND COMPANY'S SHARE CAPITAL

	2016	2015
	£'000	£'000
Allotted, issued and fully paid 35,000 ordinary shares of £1 each	35	35

The group's other reserves are as follows: Share premium reserve, which contains the premium arising on issue of equity shares, net of issue expenses.  
Profit and loss reserve, which represents cumulative profits or losses, net of dividends paid and other adjustments.

Included in the Group reserves is a revaluation reserve of £1.1m (2015: £1.2m).

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 19 - Cash flow statement

### GROUP

#### (a) Reconciliation of operating loss to cash generated by operations

	2016	2015
	£'000	£'000
<b>Operating loss</b>	(28,447)	(1,532)
Adjustment for:		
Depreciation of tangible fixed assets	1,842	1,587
Amortisation of grants	(38)	(38)
Amortisation of players' registrations	22,398	19,117
<b>Operating cash flow before movement in working capital</b>	<b>(4,245)</b>	<b>19,134</b>
Increase in debtors	(772)	(3,136)
Increase / (Decrease) in creditors	12,535	(4,900)
Decrease in provisions	(121)	(120)
<b>Cash generated by operations</b>	<b>7,397</b>	<b>10,978</b>

### COMPANY

#### (a) Reconciliation of operating loss to cash generated by operations

	2016	2015
	£'000	£'000
<b>Operating loss</b>	(30,626)	(2,206)
Adjustment for:		
Depreciation of tangible fixed assets	1,595	1,341
Amortisation of grants	-	-
Amortisation of players' registrations	22,398	19,117
<b>Operating cash flow before movement in working capital</b>	<b>(6,633)</b>	<b>18,252</b>
Decrease / (Increase) in debtors	743	(2,631)
Increase / (Decrease) in creditors	10,525	(7,669)
Decrease in provisions	(121)	(120)
<b>Cash generated by operations</b>	<b>4,514</b>	<b>7,832</b>

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 19 - Cash flow statement (continued)

### GROUP

#### (b) Analysis of changes in net debt

	AS AT 1 JUNE 2015	CASH FLOWS	NON-CASH MOVEMENTS	AS AT 31 MAY 2016
	£'000	£'000	£'000	£'000
Cash at bank and in hand	5,909	(8,646)	-	(2,737)
Debt due within one year	(20,125)	(14,875)	(1,213)	(36,213)
Debt due after one year	(19,753)	-	1,183	(18,570)
Finance lease and hire purchase agreements	(114)	60	-	(54)
Current asset investments	2,767	-	-	2,767
	<b>(31,316)</b>	<b>(23,461)</b>	<b>(30)</b>	<b>(54,807)</b>

Non cash movements represent the annual capital repayment of the loan notes (see note 16) moving from creditors due after one year to now within one year (as the repayment becomes payable).

### COMPANY

#### (b) Analysis of changes in net debt

	AS AT 1 JUNE 2015	CASH FLOWS	NON-CASH MOVEMENTS	AS AT 31 MAY 2016
	£'000	£'000	£'000	£'000
Cash at bank and in hand	3,976	(8,769)	-	(4,793)
Debt due within one year	(19,000)	(16,000)	-	(35,000)
Debt due after one year	-	-	-	-
Finance lease and hire purchase agreements	(114)	60	-	(54)
	<b>(15,138)</b>	<b>(24,709)</b>	<b>-</b>	<b>(39,847)</b>

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 19 - Cash flow statement (continued)

### GROUP

#### (c) Reconciliation of movements in net debt

	2016	2015
	£'000	£'000
Decrease in cash in the year	(8,646)	(12,271)
Cash (inflow)/outflow from (increase)/decrease in net debt	(14,875)	8,968
Cash outflow from decrease in finance lease and hire purchase financing	60	81
Change in net debt resulting from cash flows in the year	(23,461)	(3,222)
Non-cash movements	(30)	(32)
Net debt as at 1 June 2015 / 2014	(31,316)	(28,062)
<b>Net debt as at 31 May 2016 / 2015</b>	<b>(54,807)</b>	<b>(31,316)</b>

### COMPANY

#### (c) Reconciliation of movements in net debt

	2016	2015
	£'000	£'000
Decrease in cash in the year	(8,769)	(12,642)
Cash (inflow)/outflow from (increase)/decrease in net debt	(16,000)	7,924
Cash outflow from decrease in finance lease and hire purchase financing	60	81
Change in net debt resulting from cash flows in the year	(24,709)	(4,637)
Non-cash movements	-	-
Net debt as at 1 June 2015 / 2014	(15,138)	(10,501)
<b>Net debt as at 31 May 2016 / 2015</b>	<b>(39,847)</b>	<b>(15,138)</b>

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 20 - Contingent liabilities

No provision is included in the accounts for transfer fees of £17,973,000 (2015: £8,914,000) which are, as at 31 May 2016, contingent upon future appearances of certain players; or signing-on fees and loyalty bonuses, as at 31 May 2016, of £17,075,000 (2015: £11,557,000) which would become due to certain players if they are still in the service of the Club on specific future dates.

## 21 - Pensions

Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"; "the Scheme"), a defined benefit scheme. As one of a number of participating employers in the FLLPLAS, the Group is advised only of its share of the Scheme's deficit and recognises a liability in respect of this.

As a result, the contributions paid to the scheme reduce the provision. The Group is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reliable basis and therefore accounts for the Scheme as if it were a defined contribution scheme. In May 2012 a further MFR deficit was identified in the Scheme, which increased the outstanding deficit allocated to the Group by £607,000 resulting in an increase in contributions advised by the Actuary.

Contributions are also paid into individuals private pension schemes. Total contributions across all schemes during the year amounted to £533,000 (2015: £451,000).

## 22 - Post balance sheet events

Since 31 May 2016 the Club's majority shareholder has provided an interest free loan of £80,000,000 with no agreed repayment date. This funding has been used post year end to reduce the Club's long term debt by repaying the entire other loans balance of £54,783,000 (see note 16) and to pay exceptional items.

Since 31 May 2016, the Club has entered into transfer agreements for confirmed contracted net transfer fees payable of £7,707,000.

## 23 - Related party transactions

Everton In The Community is a registered Charity (Number 1099366) incorporated on 31 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 31 May 2016 Everton Football Club Company Limited employees held two of the six Trustee positions at the Charity. During the year Everton Football Club Company Limited incurred net operating costs of £121,000 (2015: £161,000) on behalf of the Charity.

## 24 - Capital commitments

There were no capital commitments at 31 May 2016 or 31 May 2015.

# NOTES TO THE ACCOUNTS

## for the year ended 31 May 2016 (continued)

### 25 - Transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 May 2015 and the date of transition to FRS 102 was therefore 1 June 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

	GROUP		COMPANY	
	AT 1 JUNE 2014	AT 31 MAY 2015	AT 1 JUNE 2014	AT 31 MAY 2015
	£'000	£'000	£'000	£'000
<b>Reconciliation of equity</b>				
Equity reported under previous UK GAAP	(14,464)	(18,532)	(12,915)	(16,987)
<b>Adjustment to equity on transition to FRS 102</b>				
Other interest payable	-	(1,104)	-	(1,104)
Amortisation of players' registrations	-	416	-	416
Interest on derivative financial instruments	-	(1,463)	-	(1,463)
Foreign exchange gains on derivative financial instruments	-	1,612	-	1,612
<b>Equity reported under FRS 102</b>	<b>(14,464)</b>	<b>(19,071)</b>	<b>(12,915)</b>	<b>(17,526)</b>

	GROUP	COMPANY
	£'000	£'000
<b>Reconciliation of loss for 2015</b>		
Loss for the financial year under previous UK GAAP	(4,068)	(4,072)
Other interest payable	(1,104)	(1,104)
Interest on derivative financial instruments	(1,463)	(1,463)
Amortisation of players' registrations	416	416
Foreign exchange gains on derivative financial instruments	1,612	1,612
<b>Loss for the year under FRS 102</b>	<b>(4,607)</b>	<b>(4,611)</b>

Other interest payable adjustment relates to the Group recognising deferred transfer instalments, beyond normal business terms, being part of a financing transaction with a deemed interest applied. The deemed rate of interest is based on the market rate available to the Group at each reporting date.

Amortisation of players' registrations adjustment relates to the reversal of amortisation on an element of the original capitalised amounts within intangible assets. Under FRS 102 transfer instalments, beyond normal business terms, are deemed to be a financing transaction with a deemed interest applied. The original capitalised amounts contained the full charge of this deemed interest, hence under FRS 102 had to be reversed to only contain the nominal value of the finance transaction, with the interest element being charged to the profit and loss on payment of the transfer instalments. The reversal of previous capitalised amounts has therefore led to any amortisation on these amounts to be credited to the profit and loss account.

Interest on derivative financial instruments adjustment relates to the Group using forward contracts to mitigate exchange rate risk. These contracts have been recognised at their fair value within current liabilities at the transition date and subsequent reporting date with movements being recognised in profit or loss account.

Foreign exchange gains on derivative financial instruments relates to the Group revaluing foreign liabilities, that the Group has entered into forward contracts, at the foreign exchange rate at the balance sheet date, with movements being recognised in the profit and loss account.

On transition to FRS 102 the group elected to adopt the revalued carrying value of some of its tangible fixed assets at 1 June 2014 as their deemed cost. Subsequent depreciation of these assets is based on the deemed cost at the date of transition, except for land which is not depreciated.

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 26 – Financial instruments

The carrying values of the group's and company's financial assets and liabilities are summarised by category below:

	GROUP		COMPANY	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Measured at amortised cost:				
Trade debtors	1,928	-	1,928	-
Measured at undiscounted amounts receivable:				
Trade debtors and other debtors	16,734	16,011	14,488	15,280
	<b>18,662</b>	<b>16,011</b>	<b>16,416</b>	<b>15,280</b>
	GROUP		COMPANY	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<b>Financial liabilities</b>				
Measured at fair value:				
Derivative financial instruments	218	1,463	218	1,463
Measured at amortised cost:				
Trade creditors	2,499	11,742	2,499	11,742
Obligations under finance leases	54	114	54	114
Measured at undiscounted amount payable:				
Bank loans and overdraft	57,520	39,878	39,793	19,000
Trade and other creditors	81,495	49,269	69,660	38,398
Amounts owed to subsidiaries	-	-	20,256	20,220
	<b>141,786</b>	<b>102,466</b>	<b>132,480</b>	<b>90,937</b>

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	GROUP	
	2016	2015
	£'000	£'000
<b>Income and expense</b>		
Total interest income for financial assets at amortised cost	96	0
Total interest expense for financial liabilities at amortised cost	(1,239)	(1,111)
<b>Fair value gains and (losses)</b>		
On derivative financial instruments	1,245	(1,463)

# NOTES TO THE ACCOUNTS

for the year ended 31 May 2016 (continued)

## 27 - Derivative financial instruments

	GROUP AND COMPANY	
	2016	2015
Current liabilities	£'000	£'000
Forward foreign currency contracts	218	1,463

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

# RESULTS

## 2015/16 Season

DATE	COMPETITION	FIXTURE	OPPONENT	RESULT	F	A	ATTENDANCE	PTS	POSITION
Sat 8 Aug 2015	Premier League	H	Watford	D	2	2	39,063	1	6
Sat 15 Aug 2015	Premier League	A	Southampton	W	3	0	30,966	4	9
Sun 23 Aug 2015	Premier League	H	Manchester City	L	0	2	38,523	4	5
Wed 26 Aug 2015	League Cup R2	A	Barnsley	W	5	3	12,290	-	-
Sat 29 Aug 2015	Premier League	A	Tottenham Hotspur	D	0	0	35,865	5	7
Sat 12 Sep 2015	Premier League	H	Chelsea	W	3	1	38,311	8	9
Sat 19 Sep 2015	Premier League	A	Swansea City	D	0	0	20,805	9	7
Tue 22 Sep 2015	League Cup R3	A	Reading	W	2	1	19,435	-	-
Mon 28 Sep 2015	Premier League	A	West Bromwich Albion	W	3	2	24,240	12	6
Sun 4 Oct 2015	Premier League	H	Liverpool	D	1	1	39,598	13	5
Sat 17 Oct 2015	Premier League	H	Manchester United	L	0	3	39,553	13	5
Sat 24 Oct 2015	Premier League	A	Arsenal	L	1	2	59,985	13	7
Tue 27 Oct 2015	League Cup R4	H	Norwich City	D*	1	1	31,694	-	-
Sun 1 Nov 2015	Premier League	H	Sunderland	W	6	2	36,617	16	7
Sat 7 Nov 2015	Premier League	A	West Ham United	D	1	1	34,977	17	9
Sat 21 Nov 2015	Premier League	H	Aston Villa	W	4	0	38,424	20	11
Sat 28 Nov 2015	Premier League	A	Bournemouth	D	3	3	11,228	21	11
Tue 1 Dec 2015	League Cup QF	A	Middlesbrough	W	2	0	31,628	-	-
Mon 7 Dec 2015	Premier League	H	Crystal Palace	D	1	1	35,736	22	9
Sat 12 Dec 2015	Premier League	A	Norwich City	D	1	1	27,027	23	9
Sat 19 Dec 2015	Premier League	H	Leicester City	L	2	3	39,570	23	9
Sat 26 Dec 2015	Premier League	A	Newcastle United	W	1	0	51,682	26	7
Mon 28 Dec 2015	Premier League	H	Stoke City	L	3	4	39,490	26	9
Sun 3 Jan 2016	Premier League	H	Tottenham Hotspur	D	1	1	38,482	27	9
Wed 6 Jan 2016	League Cup SF 1	H	Manchester City	W	2	1	35,314	-	-
Sat 9 Jan 2016	FA Cup R3	H	Dagenham & Redbridge	W	2	0	30,918	-	-
Wed 13 Jan 2016	Premier League	A	Manchester City	D	0	0	53,796	28	9
Sat 16 Jan 2016	Premier League	A	Chelsea	D	3	3	41,633	29	9
Sun 24 Jan 2016	Premier League	H	Swansea City	L	1	2	36,908	29	10
Wed 27 Jan 2016	League Cup SF 2	A	Manchester City	L*	1	3	50,048	-	-
Sun 31 Jan 2016	FA Cup R4	A	Carlisle United	W	0	3	17,101	-	-
Wed 3 Feb 2016	Premier League	H	Newcastle United	W	3	0	36,061	32	10
Sat 6 Feb 2016	Premier League	A	Stoke City	W	3	0	27,733	35	10
Sat 13 Feb 2016	Premier League	H	West Bromwich Albion	L	0	1	38,103	35	10
Sat 20 Feb 2016	FA Cup R5	A	Bournemouth	W	2	0	11,404	-	-
Tue 1 Mar 2016	Premier League	A	Aston Villa	W	3	1	29,755	38	10
Sat 5 Mar 2016	Premier League	H	West Ham United	L	2	3	39,000	38	9
Sat 12 Mar 2016	FA Cup QF	H	Chelsea	W	2	0	37,823	-	-
Sat 19 Mar 2016	Premier League	H	Arsenal	L	0	2	39,270	38	9
Sun 3 Apr 2016	Premier League	A	Manchester United	L	0	1	75,341	38	9
Sat 9 Apr 2016	Premier League	A	Watford	D	1	1	20,663	39	11
Wed 13 Apr 2016	Premier League	A	Crystal Palace	D	0	0	23,528	40	11
Sat 16 Apr 2016	Premier League	H	Southampton	D	1	1	36,761	41	11
Wed 20 Apr 2016	Premier League	A	Liverpool	L	0	4	43,854	41	11
Sat 23 Apr 2016	FA Cup SF	Wembley	Manchester United	L	1	2	86,064	-	-
Sat 30 Apr 2016	Premier League	H	Bournemouth	W	2	1	38,345	44	11
Sat 7 May 2016	Premier League	A	Leicester City	L	1	3	32,140	44	11
Wed 11 May 2016	Premier League	A	Sunderland	L	0	3	46,454	44	11
Sun 15 May 2016	Premier League	H	Norwich City	W	3	0	36,691	47	11

\*After full time. W 4:3 on Penalties

\*\*L 4:3 on Aggregate

# FINAL LEAGUE PLACINGS

Barclays Premier League 2015/16

		PLAYED	HOME					AWAY					POINTS	GD
			W	D	L	F	A	W	D	L	F	A		
1	Leicester City	38	12	6	1	35	18	11	6	2	33	18	81	32
2	Arsenal	38	12	4	3	31	11	8	7	4	34	25	71	29
3	Tottenham Hotspur	38	10	6	3	35	15	9	7	3	34	20	70	34
4	Manchester City	38	12	2	5	47	21	7	7	5	24	20	66	30
5	Manchester United	38	12	5	2	27	9	7	4	8	22	26	66	14
6	Southampton	38	11	3	5	39	22	7	6	6	20	19	63	18
7	West Ham United	38	9	7	3	34	26	7	7	5	31	25	62	14
8	Liverpool	38	8	8	3	33	22	8	4	7	30	28	60	13
9	Stoke City	38	8	4	7	22	24	6	5	8	19	31	51	-14
10	Chelsea	38	5	9	5	32	30	7	5	7	27	23	50	6
11	Everton	38	6	5	8	35	30	5	9	5	24	25	47	4
12	Swansea City	38	8	6	5	20	20	4	5	10	22	32	47	-10
13	Watford	38	6	6	7	20	19	6	3	10	20	31	45	-10
14	West Bromwich Albion	38	6	5	8	20	26	4	8	7	14	22	43	-14
15	Crystal Palace	38	6	3	10	19	23	5	6	8	20	28	42	-12
16	Bournemouth	38	5	5	9	23	34	6	4	9	22	33	42	-22
17	Sunderland	38	6	6	7	23	20	3	6	10	25	42	39	-14
18	Newcastle United	38	7	7	5	32	24	2	3	14	12	41	37	-21
19	Norwich City	38	6	5	8	26	30	3	2	14	13	37	34	-28
20	Aston Villa	38	2	5	12	14	35	1	3	15	13	41	17	-49

# PREMIER LEAGUE FIXTURES

2016/17 Season

DATE	OPPONENT	
<b>2016</b>		
Sat 13 Aug 2016	Tottenham Hotspur	H
Sat 20 Aug 2016	West Bromwich Albion	A
Sat 27 Aug 2016	Stoke City	H
Mon 12 Sep 2016	Sunderland	A
Sat 17 Sep 2016	Middlesbrough	H
Sat 24 Sep 2016	Bournemouth	A
Fri 30 Sep 2016	Crystal Palace	H
Sat 15 Oct 2016	Manchester City	A
Sat 22 Oct 2016	Burnley	A
Sun 30 Oct 2016	West Ham United	H
Sat 5 Nov 2016	Chelsea	A
Sat 19 Nov 2016	Swansea City	H
Sun 27 Nov 2016	Southampton	A
Sun 4 Dec 2016	Manchester United	H
Sat 10 Dec 2016	Watford	A
Tue 13 Dec 2016	Arsenal	H
Mon 19 Dec 2016	Liverpool	H
Mon 26 Dec 2016	Leicester City	A
Fri 30 Dec 2016	Hull City	A

DATE	OPPONENT	
<b>2017</b>		
Mon 2 Jan 2017	Southampton	H
Sun 15 Jan 2017	Manchester City	H
Sat 21 Jan 2017	Crystal Palace	A
Wed 1 Feb 2017	Stoke City	A
Sat 4 Feb 2017	Bournemouth	H
Sat 11 Feb 2017	Middlesbrough	A
Sat 25 Feb 2017	Sunderland	H
Sat 4 Mar 2017	Tottenham Hotspur	A
Sat 11 Mar 2017	West Bromwich Albion	H
Sat 18 Mar 2017	Hull City	H
Sat 1 Apr 2017	Liverpool	A
Tue 4 Apr 2017	Manchester United	A
Sat 8 Apr 2017	Leicester City	H
Sat 15 Apr 2017	Burnley	H
Sat 22 Apr 2017	West Ham United	A
Sat 29 Apr 2017	Chelsea	H
Sat 6 May 2017	Swansea City	A
Sat 13 May 2017	Watford	H
Sun 21 May 2017	Arsenal	A

# HONOURS LIST

## **FIRST DIVISION CHAMPIONS**

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

## **RUNNERS-UP**

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

## **SECOND DIVISION CHAMPIONS**

1930/31

## **RUNNERS-UP**

1953/54

## **FA CUP WINNERS**

1906, 1933, 1966, 1984, 1995

## **RUNNERS-UP**

1893, 1897, 1907, 1968, 1985, 1986, 1989, 2009

## **FOOTBALL LEAGUE CUP RUNNERS-UP**

1976/77, 1983/84

## **FA CHARITY SHIELD WINNERS**

1928, 1932, 1963, 1970, 1984, 1985, 1987, 1995, SHARED: 1986

## **EUROPEAN CUP-WINNERS' CUP WINNERS**

1984/85

## **FA YOUTH CUP WINNERS**

1964/65, 1983/84, 1997/98

## **RUNNERS-UP**

1960/61, 1976/77, 1982/83, 2001/02