

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended immediately to seek personal financial advice from your bank manager, stockbroker, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services Act 1986.

Copies of this document, which comprises a prospectus relating to The Everton Football Club Company Limited made under The Public Offers of Securities Regulations 1995, have been delivered for registration to the Registrar of Companies in England and Wales in accordance with Regulation 4(2) of those Regulations.

If you have sold or transferred all of your registered holding of Stock Units in The Everton Football Club Company Limited ("the Company"), please forward this document and the accompanying form of proxy to the purchaser or stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. Otherwise, holders of Stock Units should retain this document for reference pending receipt of a provisional allotment letter.

The Directors of the Company whose names are set out on page 4, accept responsibility for the information contained in this document. To the best of the knowledge, information and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

N M Rothschild & Sons Limited, which is regulated by the Securities and Futures Authority, is acting for the Company and no one else in relation to the proposals set out in this document and will not be responsible to anyone other than the Company for providing the protections afforded to customers of N M Rothschild & Sons Limited nor for providing advice in relation to the proposals to Qualifying Shareholders.

# **The Everton Football Club Company Limited**



**Six for one Rights Issue  
of 30,000 new shares of £1 each  
at £500 per share**



Notice of an Extraordinary General Meeting of The Everton Football Club Company Limited to be held at The Alex Young Lounge at Goodison Park, Liverpool, L4 4EL at 6.00 pm on 16th September, 1996, is set out at the end of this document. The enclosed form of proxy should be completed and returned to the Company's Registered Office, Goodison Park, Liverpool L4 4EL so as to be received no later than 6.00 pm on 14th September, 1996.

The latest time for acceptance and payment in full under the Rights Issue is 6.00 pm on 9th October, 1996. The procedure for acceptance and payment is set out in Part II of this document.

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## TIMETABLE

	<b>1996</b>
Record date for the Rights Issue	22nd August
Latest time and date for receipt of forms of proxy	6.00 pm on 14th September
Extraordinary General Meeting	6.00 pm on 16th September
Expected date for despatch of Provisional Allotment Letters	16th September
Dealings to commence in Provisional Allotment Letters, nil paid	17th September
Latest time for splitting Provisional Allotment Letters, nil paid	6.00 pm on 7th October
Latest time and date for acceptance and payment, in full	6.00 pm on 9th October
Latest time for splitting Provisional Allotment Letters, fully paid	6.00 pm on 28th October
Latest time for registration of renunciation	6.00 pm on 30th October
Expected date for despatch of Stock Unit certificates	20th November

If you have any queries about the procedures for acceptance and payment, you should contact the Company's registrars, Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ (telephone 0181 478 8241).

## DEFINITIONS

The following definitions apply throughout this document and in the accompanying form of proxy, unless the context otherwise requires:

“AIB”	AIB Trust Company (Jersey) Limited, the trustee of The Peter Johnson Settlement
“Board” or “Directors”	the directors of Everton
“Everton”, “the Club” or “the Company”	The Everton Football Club Company Limited
“Extraordinary General Meeting”	the extraordinary general meeting of the Company, notice of which appears at the end of this document
“form of proxy”	the form of proxy for use by holders of Stock Units in connection with the Extraordinary General Meeting
“new Stock Units”	the new Stock Units of £1 each which will come into existence following the conversion of the shares in accordance with part (c) of the special resolution to be proposed at the Extraordinary General Meeting
“Provisional Allotment Letter(s)”	the provisional allotment letter(s) proposed to be despatched to Qualifying Stockholders (other than certain overseas stockholders, as described in paragraph 13 of Part II) on 16th September, 1996 pursuant to the Rights Issue
“Qualifying Stockholders”	registered holders of Stock Units on the Record Date
“Record Date”	the close of business on 22nd August, 1996
“Rights Issue” or “the Issue”	the proposed offer, by way of rights, to Qualifying Stockholders as described in this document
“Rothschilds”	N M Rothschild & Sons Limited
“Stock Units”	stock units of £1 each in the capital of the Company
“The Peter Johnson Settlement” or “the Settlement”	The Peter Johnson 1989 Settlement, details of which are set out in paragraph 6 of Part IV of this document
“Underwriting Agreement”	the Agreement dated 22nd August, 1996 between the Company (1) and AIB, as trustee of The Peter Johnson Settlement (2), details of which are set out in paragraph 5 of Part IV of this document
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland

## **DIRECTORS, SECRETARY AND ADVISERS**

### *Directors*

P R Johnson, Chairman  
Sir Desmond H Pitcher DL, Deputy Chairman  
B C Finch  
R J Hughes  
Sir Philip D Carter CBE  
Dr D M Marsh  
K M Tamlin  
W Kenwright  
A J L Abercromby  
Lord Grantchester

all non executive and of Goodison Park, Liverpool L4 4EL

### **SECRETARY**

M J Dunford

### **AUDITORS**

KPMG  
Richmond House  
1 Rumford Place  
Liverpool L3 9QY

### **SOLICITORS**

Beachcroft Stanleys  
20 Furnival Street  
London EC4A 1BN

### **FINANCIAL ADVISERS**

N M Rothschild & Sons Limited  
Trinity Court  
16 John Dalton Street  
Manchester M2 6HY

### **BANKERS**

National Westminster Bank plc  
Liverpool Business Centre  
PO Box 138  
First Floor  
22 Castle Street  
Liverpool  
L69 2BE

### **REGISTRARS**

Independent Registrars Group Limited  
Balfour House  
390/398 High Road  
Ilford  
Essex  
IG1 1NQ

## PART I

# The Everton Football Club Company Limited

(Registered in England and Wales with Registered No: 36624) ✓

### *Directors:*

P R Johnson (Chairman)  
Sir Desmond H Pitcher DL (Deputy Chairman)  
B C Finch  
R J Hughes  
Sir Philip D Carter CBE  
Dr D M Marsh  
K M Tamlin  
W Kenwright  
A J L Abercromby  
Lord Grantchester

### *Registered Office:*

Goodison Park  
LIVERPOOL  
L4 4EL

23rd August, 1996

*To the holders of Stock Units*

Dear Stockholder

### **Rights Issue to raise £15 million**

#### *1. Introduction*

Your Directors announced today that Everton is to raise £15 million, before expenses, by way of a Rights Issue. The Issue will be made to Qualifying Stockholders at a price of £500 per share on the following basis:

**six new shares for every one Stock Unit held,**

and so in proportion for any other number of Stock Units held on the Record Date. The Rights Issue will be fully underwritten by AIB, as trustee of The Peter Johnson Settlement.

The Rights Issue is conditional, *inter alia*, on the passing of the special resolution set out in the notice of the Extraordinary General Meeting at the end of this document. I am writing to you to provide you with information on the Rights Issue, to set out the reasons why the Board considers it to be in the best interests of the Company and its stockholders and to seek your approval and support for it.

#### *2. Reasons for the Rights Issue*

Your Directors believe that additional capital is required in order to fulfil Everton's current and anticipated future needs. The capital raised will strengthen the financial resources of the Company, thus improving its ability to fund future development.

The Board believes that the level of equity fund-raising necessary to support the continuing strategy of upgrading Club facilities and strengthening the playing staff is £15 million and AIB, as trustee of The Peter Johnson Settlement, has agreed to underwrite the Rights Issue to raise that sum, at no cost to the Company.

The Rights Issue price is significantly lower than the average prices at which Stock Units have been traded for value during each of the last six months and the Board believes that this will be attractive to Qualifying Stockholders in providing an opportunity to acquire Stock Units at a lower cost. Details of the prices at which Stock Units have been traded are set out in paragraph 14(f) of Part IV of this document.

### 3. *The Peter Johnson Settlement*

The Peter Johnson Settlement is a family trust in which I have a beneficial interest. It is resident and administered in Jersey.

### 4. *Current trading and prospects*

The results of the Company, before transfer fees and interest, since 31 May 1996 have continued to be satisfactory. Since May 1996, the Company has made a net investment in new players in excess of £2.7 million which will be written off in the profit and loss account for the year ending 31st May, 1997 in accordance with the Company's normal accounting policy.

Your Board views the Company's future prospects with confidence, particularly in the light of the Club's continuing football success together with the growth in interest in football as a media product.

### 5. *Details of the Rights Issue*

The Board is proposing to offer 30,000 new shares of £1 each by way of rights at a price of £500 per share, payable in full on acceptance, to Qualifying Stockholders on the following basis:

**six new shares for every one Stock Unit held,**

and so in proportion for any other number of Stock Units held on the Record Date. The new shares will be converted into new Stock Units when fully paid, and will rank *pari passu* in all respects with the Stock Units currently in issue.

The Rights Issue is conditional on the passing of the special resolution set out in the notice of the Extraordinary General Meeting and the conditions of the Underwriting Agreement being fulfilled.

Any Qualifying Stockholders who wish to sell their provisional allotment of rights, nil paid or fully paid are referred to Part II of this document. Any rights which are not taken up by Qualifying Stockholders or by any persons to whom such rights are sold, will lapse and will then pass to AIB, as trustee of The Peter Johnson Settlement under the terms of the Underwriting Agreement. Holders of lapsed rights will not receive any consideration for their rights from the Company or from AIB, as trustee of the Settlement and as underwriter under the Underwriting Agreement.

The attention of stockholders who have registered addresses outside the United Kingdom is drawn to paragraph 13 of Part II of this document.

### 6. *Intentions of Directors*

Your Directors believe that it is in the interests of the Company for AIB, as trustee of The Peter Johnson Settlement, to retain and, depending on the extent to which other Qualifying Stockholders take up their rights under the Rights Issue, enhance through the Underwriting Agreement, its substantial shareholding in Everton.

AIB, as trustee of the Settlement, is currently the registered holder of 2,920 Stock Units and accordingly, through my beneficial interest in the Settlement, I currently have a beneficial interest in those Stock Units, which comprise 58.4 per cent. of the existing issued capital of the Company.

AIB, as trustee of the Settlement, has confirmed to the Company in writing that it is its intention to take up all its rights under the Rights Issue and, if the other Qualifying Stockholders do likewise, the percentage interest of AIB, as trustee of the Settlement in the enlarged issued capital of the Company will remain unchanged. If the other Qualifying Stockholders do not take up all their rights and if such rights lapse, AIB's percentage interest could increase, under the Underwriting Agreement, to a maximum of 94.1 per cent. of such enlarged capital.

### 7. *The City Code on Take-overs and Mergers*

The City Code on Take-overs and Mergers (the "City Code") stipulates that a person owning shares carrying more than 50 per cent. of a company is normally free to purchase any number of shares without triggering the requirement to make a general offer. Consequently, AIB, as trustee of The Peter Johnson Settlement, is free to act as underwriter to the proposed Rights Issue without being required by the City Code to make a general offer.

## *8. Extraordinary General Meeting*

You will find set out at the end of this document a notice of Extraordinary General Meeting of Everton to be held at The Alex Young Lounge at Goodison Park, Liverpool L4 4EL at 6.00 pm on 16th September, 1996 at which the following resolution will be proposed:

### **A special resolution:**

- to increase the authorised share capital of the Company to £35,000 by the creation of 30,000 new shares of £1 each;
- to authorise the Directors to allot such new shares and the specific allotment of the new shares to all stockholders registered on the Record Date pro rata to their existing stockholdings, with any new shares up to a value of £6.2 million not so taken up by Qualifying Stockholders other than AIB, as trustee of the Settlement, being allotted to AIB, under the terms of the Underwriting Agreement; and
- immediately following the allotment, fully paid, of the shares, to convert the same into new Stock Units.

A special resolution requires the approval of a majority of not less than 75 per cent. of such stockholders who (being entitled to do so) are present and vote in person or by proxy at the Extraordinary General Meeting.

## *9. Taxation*

Information regarding United Kingdom taxation in respect of the Rights Issue is set out in paragraph 14 of Part II and paragraph 12 of Part IV of this document. If you are in any doubt as to your tax position, you should consult your professional adviser without delay.

## *10. Action to be taken*

Whether or not you intend to be present at the Extraordinary General Meeting, you are asked to complete and return the form of proxy in accordance with the instructions printed thereon so that it arrives at the Company's Registered Office, Goodison Park, Liverpool L4 4EL no later than 6.00 pm on 14th September, 1996. Completion and the return of the form of proxy will not preclude you from attending the Extraordinary General Meeting and voting in person should you so wish.

If the special resolution to be proposed at the Extraordinary General Meeting is passed, the Rights Issue will be implemented and you will receive a Provisional Allotment Letter. To take up your entitlement to shares in whole or in part you must lodge your Provisional Allotment Letter in accordance with the instructions thereon, together with a remittance for the full amount payable, by post or by hand so that it arrives at the Company's registrars, Independent Registrars Group Limited, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, no later than 6.00 pm on 9th October, 1996.

Important details concerning the Rights Issue and the shares (including the conditions of the Rights Issue) are set out in Part II of this document and in the Provisional Allotment Letter.

## *11. Financial and additional information*

Your attention is drawn to the financial and additional information set out in Parts III and IV respectively of this document.

## *12. Recommendation*

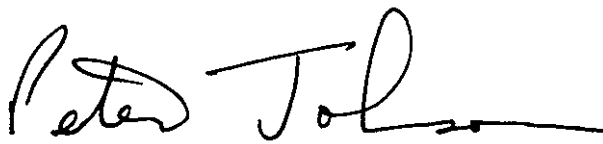
Your Directors consider that the Rights Issue is in the best interests of the Company and unanimously recommend that you vote in favour of the special resolution to be proposed at the Extraordinary General Meeting, as they intend to do in respect of their own beneficial shareholdings carrying voting rights exercisable at the Extraordinary General Meeting, amounting in aggregate to 2,818 Stock Units, representing 56.4 per cent. of the existing issued capital of the Company.

The holding of AIB, as trustee of The Peter Johnson Settlement, of 2,497 Stock Units after deduction of the 423 Stock Units acquired less than three months prior to the Extraordinary General Meeting, is included in this calculation, as the Company has received an irrevocable undertaking from AIB to vote in favour of the special resolution.

The Company has also received irrevocable undertakings to vote in favour of the special resolution, from Mrs Janatha Stubbs in respect of her beneficial holding of 249 Stock Units and from The Lady Grantchester and Mrs Janatha Stubbs, as trustees of The Lady Betty Grantchester Settlement, in respect of its holding of 249 Stock Units.

Accordingly, the Company has received irrevocable undertakings to vote in favour of the special resolution from stockholders holding, in aggregate, 3,316 Stock Units, representing 66.3 per cent. of the existing issued capital of the Company.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Johnson', with a long horizontal flourish extending to the right.

Peter Johnson  
*Chairman*

## PART II

### TERMS AND CONDITIONS OF THE RIGHTS ISSUE

#### 1. Terms

Subject to the conditions referred to below, the Company is proposing to raise £15 million, before expenses, by the issue of new shares. The new shares will be offered by way of rights at £500 per share, payable in full on acceptance, to Qualifying Stockholders on the register of Everton on the Record Date on the following basis:

**six new Everton shares for every one Stock Unit held,**

and so in proportion for any other number of Stock Units held on the Record Date. The new shares will, when fully paid, be converted into new Stock Units and will rank *pari passu* in all respects with the Stock Units currently in issue.

The attention of overseas stockholders is drawn to paragraph 13 of this Part II below.

#### 2. Conditions

The Rights Issue is conditional on the approval by stockholders of the special resolution to be proposed at the Extraordinary General Meeting and on the conditions of the Underwriting Agreement being fulfilled.

#### 3. Provisional Allotment Letters

The Provisional Allotment Letters will set out the holdings of Stock Units on which Qualifying Stockholders' entitlements are based and the number of new shares for which Qualifying Stockholders are entitled to subscribe and will contain full details regarding acceptance and payments, renunciation, splitting and registration.

Provisional Allotment Letters are expected to be despatched on 16th September, 1996.

All queries in connection with the Provisional Allotment Letters should be addressed to the Company's registrars, Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ (telephone 0181 478 8241).

#### 4. Dealings in nil paid rights

Qualifying Stockholders who wish to sell their provisional allotment of rights, nil paid, are recommended to seek personal financial advice from their bank manager, stockbroker, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services Act 1986. Any rights not taken up by Qualifying Stockholders or any such purchasers, will lapse and will then pass to AIB, as trustee of The Peter Johnson Settlement, under the terms of the Underwriting Agreement. Holders of lapsed rights will not receive any consideration for their rights from the Company or from AIB, as trustee of the Settlement and underwriter.

A transfer of such rights can be made by renunciation of the Provisional Allotment Letter or, in the case of any person in whose favour the rights have been renounced, by delivery of such letter to the transferee, without payment of the subscription price for the new shares provisionally allotted, up to 6.00 pm on 9th October. Thereafter, transfers of rights may only be made if the subscription price for the new shares provisionally allotted, has been paid in full. The latest time for transfers of rights for registration of renunciation is 6.00 pm on 30th October.

#### 5. Procedure for acceptance and payment

The Provisional Allotment Letters will contain full details regarding acceptance and payment.

To take up entitlements under the Rights Issue in whole or in part, Qualifying Stockholders must return their Provisional Allotment Letter in accordance with the instructions thereon, together with a remittance for the full amount payable, by post or by hand to the Company Registrars, Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ, not later than 6.00 pm on 9th October, 1996.

Cheques should be made payable to "Independent Registrars Group Limited — Everton FC" and crossed "A/c payee only". All payments must be made by cheque or bankers draft in sterling. Return by the Qualifying Stockholder of the Provisional Allotment Letter with the appropriate remittance will constitute a warranty that all cheques (which the Company reserves the right to present on receipt) will be honoured on first presentation although the Company may elect to treat as valid acceptances in respect of which cheques are not so honoured.

Prior to the posting of stock certificates, monies received by Independent Registrars Group Limited, pursuant to the Rights Issue, will be held in a bank account opened on behalf of the Company and will be paid over to the Company in accordance with the Company's instructions. Monies received pursuant to applications not accepted under the Rights Issue, will be returned by Independent Registrars Group Limited without the payment of any interest, by 20th November, 1996.

#### **6. Procedure in respect of any rights not taken up**

If payment in full in respect of any new shares (whether from the original provisional allottee or any person in whose favour the rights have been renounced or any subsequent transferee thereof) has not been received by 6.00 pm on 9th October, 1996, then the provisional allotment of such shares will be deemed to have been declined and will lapse. In such instances, the rights will be allotted to AIB, as trustee of The Peter Johnson Settlement, under the terms of the Underwriting Agreement, and the Qualifying Shareholders will not receive any consideration for their lapsed rights from the Company or from AIB, as trustee of the Settlement and underwriter.

#### **7. Registration in names of Qualifying Stockholder**

A Qualifying Stockholder who wishes to have all his entitlement to new shares registered in his name, must accept and make payment for his allotment in accordance with the provisions summarised in this document and set out in the Provisional Allotment Letter, but need take no further action.

#### **8. Renunciation and splitting**

The Provisional Allotment Letters will be fully renounceable, save as required by the laws of certain foreign jurisdictions.

A Qualifying Stockholder who wishes to renounce all the new shares comprised in a Provisional Allotment Letter must complete and sign Form X on such letter and hand the entire letter to the renouncee, or to the broker or bank or other agent who acted for such stockholder in the transaction. The latest time for registration of renunciations is 6.00 pm on 30th October, 1996.

If a Qualifying Stockholder wishes to have registered in his own name only some of the new shares to which he is entitled and to transfer the remainder or to renounce all of such new shares but to different persons, he may have the letter split, for which purpose he must complete and sign Form X on such letter. The letter must then be delivered by post or hand to Independent Registrars Group by 6.00 pm on 7th October, 1996, nil paid, or by 6.00 pm on 28th October, 1996 fully paid, to be cancelled and exchanged for the split letters required. The number of split letters required and the number of new shares to be comprised in each, should be stated in an accompanying letter. Form X on split letters will be marked "Original Duly Renounced" before issue.

#### **9. Registration in names of persons other than Qualifying Stockholders**

The renouncee or any subsequent transferee thereof, or their respective agents, must complete Form Y on the Provisional Allotment Letter and lodge the entire letter by post or by hand with Independent Registrars Group by 6.00 pm on 30th October, 1996. Registration cannot be effected unless the letter is fully paid.

#### **10. Dealings in fully paid rights**

After acceptance of the provisional allotment in accordance with the provisions set out in this document and in the Provisional Allotment Letter, fully paid rights to new shares may be transferred by renunciation of the relevant Provisional Allotment Letter and delivery of it by post or by hand to Independent Registrars Group Limited, New Issues Department, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ by 6.00 pm on 30th October, 1996.

### **11. Stock certificates**

Stock certificates are expected to be despatched by post by 20th November, 1996. After 30th October, 1996, and pending the issue of stock certificates, instruments of transfer will be certified by Independent Registrars Group Limited against lodgement of fully paid Provisional Allotment Letters and/or in the case of renunciations, with the registration of renunciation in the possession of Independent Registrars Group Limited.

### **12. Posting**

All documents and cheques posted to or by stockholders, renouncees, transferees or their respective agents will be posted at their risk.

### **13. Overseas stockholders**

No person receiving a Provisional Allotment Letter in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him nor should he in any event use such allotment letter unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such allotment letter could lawfully be used without contravention of any registration or other legal requirements.

Any Qualifying Stockholder outside the United Kingdom wishing to accept the offer of shares comprised in a Provisional Allotment Letter must satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. If Qualifying Stockholders are in any doubt as to their position, they should consult their professional advisers. In cases where overseas stockholders do not take up shares provisionally allotted to them, the provisions of paragraph 6 of this Part II will apply. The attention of Qualifying Stockholders who are not resident in or who have registered addresses outside the United Kingdom, is drawn to the following paragraphs.

In accordance with section 90(5) of the Companies Act 1985, the offer by way of rights to Qualifying Stockholders who have no registered address in the United Kingdom and who have not given to the Company an address within the United Kingdom for the service of notices, will be made by the Company publishing a notice in the London Gazette during the week following the posting of this document to stockholders.

The Provisional Allotment Letters, the shares to be issued in connection with the Rights Issue and the new Stock Units to be created on conversion of the shares, have not been and will not be registered under the United States Securities Act of 1933, as amended; the relevant clearances have not been and will not be obtained from the Securities Commission of any province of Canada; and no prospectus has been or will be lodged with or registered by the Australian Securities Commission. Accordingly, subject to certain limited exceptions, the Provisional Allotment Letters, the shares and the new Stock Units may not be offered, sold or delivered directly or indirectly in or into the United States, Canada or Australia.

Provisional Allotment Letters will not be sent to Qualifying Stockholders with registered addresses in the United States, Canada or Australia. The offer by way of rights to Qualifying Stockholders with registered addresses as aforesaid will be made by means of a notice in the London Gazette referred to above.

In order to comply with South African law, Provisional Allotment Letters sent to Qualifying Stockholders with registered addresses in South Africa will not be renounceable. Such stockholders may require the approval of the South African Exchange Control authorities if they wish to take up their rights.

The Company reserves the right to treat as invalid any Provisional Allotment Letter which appears to it or its agents to have been executed in or despatched from the United States, Canada or Australia or which provides an address in the United States, Canada or Australia for delivery of definitive certificates for the Stock Units to be issued following conversion of the fully paid shares pursuant to the Rights Issue or which does not provide a representation and warranty that the person taking up his rights is not a North American person or a resident in Australia. Any entitlement set out in such invalid Provisional Allotment Letters will be treated as not having been taken up and the provisions of paragraph 6 of this Part II will apply.

Notwithstanding the foregoing, the Company will retain the right to permit any Qualifying Stockholder to take up his rights if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulation giving rise to the restriction in question.

Qualifying Stockholders resident in overseas territories should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlement.

#### **14. Capital gains tax**

**These comments are intended only as a general guide to certain aspects of current United Kingdom law and Inland Revenue practice. They may not apply to certain classes of persons. The comments are of a general nature and concern only the position of Qualifying Stockholders who are the beneficial owners of their Stock Units. A Qualifying Stockholder who is in any doubt as to his tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate adviser.**

The Directors have been advised as follows:

**(a) Taxation of chargeable gains:**

- (i) For the purpose of United Kingdom taxation of taxable gains, if you take up all or part of your rights to new shares under the Rights Issue, your existing Stock Units and the new shares issued in respect of those Stock Units, will be treated as the same asset, acquired at the time you acquired your existing Stock Units. The subscription monies will be added to the base cost of your existing holding(s), but for the purpose of calculating indexation allowance on a subsequent disposal of Stock Units, these monies will only be taken into account from the time at which you became liable to make, or made payment, for the new shares.
- (ii) If the Stock Units were held at 31st March, 1982 the value at that date may in certain circumstances be substituted for the original cost of acquisition for the purposes of the taxation of chargeable gains. In these circumstances, any amounts paid for the new shares acquired under the Rights Issue will be aggregated with the 31st March, 1982 valuation for the purposes of base cost. However, indexation on this subscription money will only be available from the time you become liable to make, or made, payment.
- (iii) There are no tax consequences if you allow your rights to lapse. You will retain the existing base cost of your Stock Units for the purposes of the taxation of chargeable gains. If you do not take up your rights but sell them nil paid, the sale of rights is treated as a part disposal for the purposes of taxation of chargeable gains unless the proceeds are "small" (typically 5 per cent. or less of the value of the shareholding giving rise to the disposal). The calculation of tax arising where rights are sold nil paid can be complex and if you are unsure, you should consult an appropriate adviser.
- (iv) For purposes of identifying allowable base cost for future disposals of Stock Units, including shares acquired under the Rights Issue, there are complex rules for identifying the order of sale of Stock Units and the related base costs which will depend on the individual stockholder's own circumstances. The calculation of tax arising where rights are sold nil paid can be complex and if you are unsure, you should contact an appropriate adviser.

**(b) *Stamp Duty and Stamp Duty Reserve Tax***

No Stamp Duty or Stamp Duty Reserve Tax will be payable on the issue of Provisional Allotment Letters.

## **PART III**

### **FINANCIAL INFORMATION**

Set out below are copies of the Company's accounts for the three years ended 31st May, 1996, together with the auditors' reports thereon. The accounts in respect of the years ended 31st May, 1994 and 31st May, 1995 have been filed with Companies House. Accounts for the year ended 31st May, 1996 have not been filed with Companies House and are subject to adoption by stockholders at the forthcoming Annual General Meeting of the Company. The annual report and accounts for the year ended 31st May, 1996 have not yet been printed and therefore the page numbers referred to in the notes to such accounts are approximations.

The Directors have confirmed that the accounts set out below for the three years ended 31st May, 1996, for which they accept responsibility, have been prepared in accordance with the law.

KPMG have confirmed that they consent to the inclusion in the prospectus dated 23rd August, 1996 of their audit report given within the meaning of Section 235 of the Companies Act 1985 in respect of the statutory accounts of The Everton Football Club Company Limited for the year ended 31st May, 1996 and accept responsibility for that report, and have not become aware since that date of any such report of any matter affecting the validity of that report at that date.

Rogers, Bowler & Co. have confirmed that they consent to the inclusion in the prospectus dated 23rd August, 1996 of their audit reports given within the meaning of Section 235 of the Companies Act 1985 in respect of the statutory accounts of The Everton Football Club Company Limited for the two years ended 31st May, 1995 and accept responsibility for those reports, and have not become aware, since the date of either such report, of any matter affecting the validity of that report at that date.



## Profit and Loss Account for the year ended 31st May 1994

	Notes	1994 £	1993 £
<b>Income</b>			
Gate receipts and income from related footballing activities		6,721,342	5,819,864
Trading and other income		2,162,861	2,173,867
		<u>8,884,203</u>	<u>7,993,731</u>
<b>Expenditure</b>			
Cost of goods for resale		719,259	748,763
Staff costs	9	4,977,646	4,518,839
Training, travel, match and other expenses		754,932	711,304
Ground expenses and maintenance		180,648	383,430
Utilities		409,908	418,589
Depreciation		123,028	121,865
Other operating expenses		629,260	436,715
		<u>7,794,681</u>	<u>7,339,505</u>
Balance before transfer fees		1,089,522	654,226
Add: Transfer fees receivable		2,575,000	2,325,000
Deduct: Transfer fees, compensation etc payable		(3,803,212)	(1,617,866)
Operating Loss (1993: Profit)	10	(138,690)	1,361,360
Add: Interest receivable		6,333	9,745
Deduct: Interest payable	11	(227,698)	(384,440)
Deduct: Non-recurring expenses	12	(131,650)	-
<b>Loss on Ordinary Activities Before Taxation (1993: Profit)</b>		<u>(491,705)</u>	<u>986,665</u>
Taxation re ordinary activities	13	(4,414)	-
<b>Loss on Ordinary Activities After Taxation (1993: Profit)</b>		<u>(496,119)</u>	<u>986,665</u>
Add: Donations receivable	14	41,079	4,779
<b>Loss Transferred to Reserves (1993: Profit)</b>	7	<u>(455,040)</u>	<u>991,444</u>

The company's income and expenditure all relate to continuing operations. The company has no recognised gains or losses other than the above loss for the year.



## Balance Sheet as at 31st May 1994

		1994		1993	
	Notes	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	2		8,633,266		7,444,510
<b>Current Assets</b>					
Stocks	3	68,105		80,896	
Debtors	4	1,776,093		1,309,722	
Cash at bank and in hand		<u>110,166</u>		<u>68,327</u>	
		1,954,364		1,758,945	
<b>Creditors</b>					
Amounts falling due within one year	5	<u>7,340,561</u>		<u>5,501,346</u>	
<b>Net Current Liabilities</b>			(5,386,197)		(3,742,401)
<b>Total Assets Less Current Liabilities</b>			<u>3,247,069</u>		<u>3,702,109</u>
Representing:					
<b>Capital and Reserves</b>					
Called up share capital	6		2,500		2,500
Revaluation reserve	7		4,527,325		4,527,325
Profit and loss account	7		(1,282,756)		(827,716)
	8		<u>3,247,069</u>		<u>3,702,109</u>

Signed on behalf of the Board,  
who approved the accounts on 26th July 1994

Dr. D.M. Marsh  
Sir Desmond H. Pitcher } Directors



## Cash Flow Statement for the year ended 31st May 1994

		1994		1993	
	Notes	£	£	£	£
<b>Net Cash Inflow from Operating Activities</b>	17(i)		1,065,062		293,850
<b>Returns on investments and servicing of finance</b>					
Interest received		6,333		9,745	
Interest paid		<u>(227,698)</u>		<u>(384,440)</u>	
Net cash outflow from returns on investments and servicing of finance			(221,365)		(374,695)
<b>Taxation</b>					
Tax refunded			5,322		-
<b>Investing Activities</b>					
Payments to acquire tangible fixed assets		(1,392,054)		(147,875)	
Grants from The Football Trust				32,521	
Receipts from sales of tangible fixed assets		<u>80,270</u>		<u>92,653</u>	
Net cash outflow from investing activities			<u>(1,311,784)</u>		<u>(22,701)</u>
<b>Net Cash Outflow Before Financing</b>			(462,765)		(103,546)
<b>Financing</b>					
Donations receivable		41,079		4,779	
Loans repaid		<u>(4,858)</u>		<u>(4,621)</u>	
Net cash inflow from financing			<u>36,221</u>		<u>158</u>
<b>Decrease in cash and cash equivalents</b>	17 (iii)		<u>(426,544)</u>		<u>(103,388)</u>



## Notes to the Accounts for the year ended 31st May 1994

### 1. Accounting Basis and Policies

These accounts have been prepared on the historical cost basis of accounting as modified to include valuations of the Club's properties, and in accordance with applicable U.K. accounting standards, and accounting policies consistent with those adopted previously. The main accounting policies are as follows:-

#### (i) Income

Income is stated exclusive of value added tax and gate receipts are included net of percentage payments to visiting clubs, The F.A. Premier League and The Football Association.

#### (ii) Fixed Assets and Depreciation

It is the Club's policy to maintain the value and extend the life of its properties by regular expenditure charged to revenue, and to revalue the properties every four years and adjust the book values accordingly. Having regard to this, depreciation is not provided on the Club's properties as the Directors are of the opinion that the sum involved would be immaterial. Depreciation on other fixed assets has been calculated at 25% on the book value.

#### (iii) Stocks

Stocks are valued at the lower of cost and net realisable value.

#### (iv) Transfer Fees

Transfer fees payable and receivable are dealt with in the profit and loss account in the year in which the transfer contract is signed.

#### (v) Signing-on Fees and Loyalty Bonuses

Signing-on fees and loyalty bonuses are charged on an accruals basis and those instalments due in the future on continued service are not provided for but are noted as contingent liabilities at Note 16.

#### (vi) Grants

Grants receivable from The Football Trust are deducted from the expenditure to which they relate.

#### (vii) Deferred Taxation

Deferred tax is provided at current rates in respect of the tax effect of all material timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.



## Notes to the Accounts for the year ended 31st May 1994 (continued)

### 2. Tangible Fixed Assets

	Properties £	Plant & Equipment £	Vehicles £	Total £
Cost or valuation				
At 1st June 1993	7,106,111	790,375	318,413	8,214,899
Additions	1,199,215	79,309	113,530	1,392,054
Grants	-	-	-	-
Disposals	-	-	(180,199)	(180,199)
Revaluation adjustments	-	-	-	-
At 31st May 1994	<u>8,305,326</u>	<u>869,684</u>	<u>251,744</u>	<u>9,426,754</u>
Cost	1,821,326	869,684	251,744	2,942,754
Valuation in April 1991	6,484,000	-	-	6,484,000
	<u>8,305,326</u>	<u>869,684</u>	<u>251,744</u>	<u>9,426,754</u>
Depreciation				
At 1st June 1993	-	629,545	140,844	770,389
Provided during year	-	60,034	62,994	123,028
On disposals	-	-	(99,929)	(99,929)
At 31st May 1991	<u>-</u>	<u>689,579</u>	<u>103,909</u>	<u>793,488</u>
Net book value				
At 31st May 1994	<u>8,305,326</u>	<u>180,105</u>	<u>147,835</u>	<u>8,633,266</u>
At 31st May 1993	<u>7,106,111</u>	<u>160,830</u>	<u>177,569</u>	<u>7,444,510</u>

Expenditure of £1,173,766 incurred on the new Park End Stand up to 31st May 1994 is included above under properties. The total estimated cost of the stand is £2.6 million, in respect of which the club expects to receive grants of £1.5 million from The Football Trust.

The Club's properties are freehold, with the exception of certain minor residential properties which are long leasehold.

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

	1994 £	1993 £
Cost	3,958,523	2,759,308
Aggregate depreciation	156,876	150,662
Net book value	<u>3,801,647</u>	<u>2,608,646</u>



## Notes to the Accounts for the year ended 31st May 1994 (continued)

	1994	1993
	£	£
<b>3. Stocks</b>		
Refreshments, souvenirs and goods for resale	66,188	78,980
Maintenance Stocks	1,916	1,916
	<u>68,104</u>	<u>80,896</u>
<b>4. Debtors</b>		
Trade Debtors	1,350,845	1,264,191
Other Debtors	258,975	171,047
Prepayments and accrued income	166,273	174,484
	<u>1,776,093</u>	<u>1,609,722</u>
<b>5. Creditors: Amounts falling due within one year</b>		
Trade creditors	2,053,324	426,197
Social security and other taxes	130,658	313,873
Pension scheme premiums	905	1,089
Other creditors	2,683	2,287
Accruals and deferred income	808,197	878,981
	<u>2,995,767</u>	<u>1,622,427</u>
Corporation tax	2,350	-
Bank overdraft	4,289,092	3,820,709
Loan from brewery	53,352	58,210
	<u>7,340,561</u>	<u>5,501,346</u>

The bank overdraft is secured on the Club's premises at Goodison Park and Bellefield. There is no fixed repayment date for the brewery loan and interest is not charged during the continuance of specified trading arrangements.

<b>6. Called Up Share Capital</b>	1994	1993
Authorised:	£	£
2,500 £1 stock units	<u>2,500</u>	<u>2,500</u>
Allotted, issued and fully paid:		
2,500 £1 stock units	<u>2,500</u>	<u>2,500</u>

Since the end of the financial year, a resolution has been passed to increase the authorised share capital of the Company to £5,000 and to give authority for the allotment of 2,500 shares of £1.00 each at £4,000 per share by way of a rights issue to existing stockholders.



## Notes to the Accounts for the year ended 31st May 1994 (continued)

	1994 £	1993 £
<b>7. Reserves</b>		
Revaluation reserve		
Balance at 1st June 1993	4,527,325	4,527,325
Adjustments in current year	-	-
Balance at 31st May 1994	<u>4,527,325</u>	<u>4,527,325</u>
Profit and loss account		
Balance 1st June 1993	(827,716)	(1,819,160)
Loss for the year (1993: Profit)	<u>(455,040)</u>	<u>991,444</u>
Balance at 31st May 1994	<u>(1,282,756)</u>	<u>(827,716)</u>

## 8. Reconciliation of Movements in Shareholders' Funds

Loss for the year (1993: Profit)	(455,040)	991,444
Opening shareholders' funds at 1st June 1993	<u>3,702,109</u>	<u>2,710,665</u>
Closing shareholders' funds at 31st May 1994	<u>3,247,069</u>	<u>3,702,109</u>

## 9. Particulars of Employees

	Number	Number
The average weekly number of employees during the year was as follows:		
Playing, training and management	54	48
Maintenance and administration	29	30
Catering and Sales	31	32
	<u>114</u>	<u>110</u>

	£	£
The aggregate payroll costs of the above persons were as follows:		
Wages and salaries	4,398,534	3,859,645
Social security costs	390,722	367,452
Other pension costs	188,390	291,742
	<u>4,977,646</u>	<u>4,518,839</u>

Other pension costs comprise contributions made by the Company in respect of the majority of its permanent employees to pension schemes which are independently administered by The Football League Limited, together with contributions made to individual pension contracts with insurance companies under agreements with certain employees. All pension arrangements are defined contribution schemes.

The Directors received no emoluments from the Company during the year.



## Notes to the Accounts for the year ended 31st May 1994 (continued)

	1994	1993
	£	£
<b>10. Operating Loss</b>		
The operating loss is stated after charging:		
Auditor's remuneration	7,500	7,500

## 11. Interest Payable

On bank loans and overdrafts	227,698	382,249
On other loans	-	2,191
	<u>227,698</u>	<u>384,440</u>

## 12. Non-Recurring Expenses

Non-recurring expenses comprise professional charges incurred in connection with the proposed capital restructuring of the Club.

## 13. Taxation

The charge for taxation comprises an underprovision in respect of a prior year.

No taxation arises on the results of the current year and losses are available for relief against future profits for taxation purposes.

In view of the continuing use of the freehold properties no provision is considered necessary in respect of the potential tax liability which may arise in the event of the disposal of the properties at the amounts at which they are included in these accounts, and in the opinion of the Directors it is impracticable and of no useful purpose to attempt to quantify it.

## 14. Donations Receivable

Donations receivable comprise amounts receivable from the various Everton development associations, reduced by expenses relating thereto.

	1994	1993
<b>15. Future Capital Expenditure</b>		
Capital expenditure contracted for but not provided for in these accounts amounted to	£1.4m	Nil
Further capital expenditure authorised by the Directors on which orders had not been placed prior to the Balance Sheet date amounted to	Nil	Nil



## Notes to the Accounts for the year ended 31st May 1994 (continued)

### 16. Contingent Liabilities

No provision is included in the accounts for transfer fees of £850,000 which are contingent upon future appearances of certain players, and signing-on fees and loyalty bonuses of £1,313,045 which will become due to certain players if they are still in the service of the Club on specific future dates.

The Club, in common with other clubs in the Football Association Premier League, has been requested by the Inland Revenue to commission the preparation of a report, on tax sensitive issues. Contingent upon the outcome of such a report Everton may or may not face additional tax liabilities arising in respect of periods ended 31st May 1994.

	1994	1993
	£	£
<b>17. Cash Flow Statement</b>		
(i) Reconciliation of operating profit to net cash inflow from operating activities:-		
Operating profit/(loss)	(270,340)	1,361,360
Depreciation charges	123,028	121,865
Decrease/(increase) in stocks	12,791	15,642
Increase in debtors	(173,757)	(289,485)
(Decrease)/Increase in creditors	1,373,340	(915,532)
Net cash inflow from operating activities	<u>1,065,062</u>	<u>293,850</u>
(ii) Analysis of changes in cash and cash equivalents during the year:-		
Balance at 1st June 1993	(3,752,382)	(3,648,994)
Net cash outflow	(426,544)	(103,388)
Balance at 31st May 1994	<u>(4,178,926)</u>	<u>(3,752,382)</u>

(iii) Analysis of the balances of cash and cash equivalents as shown in the balance sheet:-

	1994	1993	Change in Year	Change in Year
	£	£	£	£
Cash at bank and in hand	110,166	68,327	41,839	57,322
Bank overdrafts	(4,289,092)	(3,820,709)	(468,383)	(160,710)
	<u>(4,178,926)</u>	<u>(3,752,382)</u>	<u>(426,544)</u>	<u>(103,388)</u>



## **Report of the Auditors to the Members of The Everton Football Club Company Limited**

We have audited the financial statements on pages 10 to 18 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on page 13.

### **Respective Responsibilities of Directors and Auditors**

As described on page 6 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of Opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st May 1994 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Rogers, Bowler & Co,  
Chartered Accountants  
and Registered Auditors  
Birkenhead

18th October 1994



**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 May 1995

	Notes	1995 £	1994 £
<i>Turnover</i>	2	13,545,624	8,858,407
Direct operating costs		(12,607,814)	(8,007,302)
<i>Gross Profit</i>		937,810	851,105
Other income	3	146,471	147,846
<i>Operating Profit</i>	4	1,084,281	998,951
Interest receivable	5	62,760	6,333
Interest payable	6	(143,277)	(227,698)
<i>Profit</i>			
on ordinary activities before transfer fees		1,003,764	777,586
Transfer fees	7	(10,377,160)	(1,228,212)
<i>Loss</i>			
on ordinary activities before taxation		(9,373,396)	(450,626)
Taxation	9	-	(4,414)
<i>Loss for the year</i>	15	(9,373,396)	(455,040)

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the loss for each of the above two financial years.

PROFIT AND  
LOSS  
ACCOUNT



**BALANCE SHEET**

At 31 May 1995

	Notes	1995 £	1994 £
<i>Fixed Assets</i>			
Tangible assets	10	9,544,301	8,633,266
<i>Current Assets</i>			
Stocks	11	208,887	68,105
Debtors	12	3,306,112	1,776,093
Cash at bank and in hand		32,699	110,166
		<u>3,547,698</u>	<u>1,954,364</u>
<i>Creditors:</i>			
Amounts falling due within one year	13	<u>9,218,326</u>	<u>7,340,561</u>
<i>Net Current Liabilities</i>		<u>(5,670,628)</u>	<u>(5,386,197)</u>
<i>Total Assets Less Current Liabilities</i>		<u>£3,873,673</u>	<u>£3,247,069</u>
Representing:			
<i>Capital and Reserves</i>			
Called up share capital	14	5,000	2,500
Share premium account	15	9,997,500	—
Revaluation reserve	15	4,527,325	4,527,325
Profit and loss account	15	(10,656,152)	(1,282,756)
Shareholders' funds	16	<u>£3,873,673</u>	<u>£3,247,069</u>

The financial statements were approved by the Board on 26th September 1995 and signed on its behalf by

P R Johnson & R J Hughes,  
Directors



**CASH FLOW STATEMENT**

For the year ended 31 May 1995

	Notes	1995		1994	
		£	£	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	17a		2,966,299		2,334,353
<i>Returns on investments and servicing of finance</i>					
Interest received		62,760		6,333	
Interest paid		(143,277)		(227,698)	
Net cash outflow from returns on investments and servicing of finance			(80,517)		(221,365)
<i>Taxation</i>					
Tax refunded			3,382		5,322
<i>Investing activities</i>					
Payments to acquire tangible fixed assets		(2,644,175)		(1,392,054)	
Grants from The Football Trust		1,503,465		-	
Receipts from sales of tangible fixed assets		86,484		80,270	
Transfer fees payable (net)		(10,377,160)		(1,228,212)	
Net cash outflow from investing activities			(11,431,386)		(2,539,996)
<b>NET CASH OUTFLOW BEFORE FINANCING</b>			(8,542,222)		(421,686)
<i>Financing</i>					
Issue of new share capital, including premium		10,000,000		-	
Loans repaid		(53,352)		(4,858)	
Net cash inflow/(outflow) from financing	17c		9,946,648		(4,858)
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	17b		£1,404,426		£ (426,544)

**CASH FLOW  
STATEMENT**

**NOTES TO THE ACCOUNTS**

For year ended 31 May 1995

1

**ACCOUNTING BASIS AND POLICIES**

These accounts have been prepared on the historical cost basis of accounting as modified to include valuations of the Club's properties, and in accordance with applicable UK accounting standards, and accounting policies consistent with those adopted previously. The principal accounting policies are as follows:-

**(i) Turnover**

Turnover is stated exclusive of value added tax and match receipts are included net of percentage payments to visiting clubs, The FA, Premier League and The Football Association.

**(ii) Fixed Assets and Depreciation**

It is the Club's policy to maintain the value and extend the life of its properties by regular expenditure charged to revenue, and to revalue the properties every four years and adjust the book values accordingly. However, in view of the significant developments in progress at the year end, the directors felt that it would be inappropriate to undertake the revaluation due this year and have postponed it for one year. Having regard to the aforementioned policy, depreciation is not provided on the Club's properties as the directors are of the opinion that the sum involved would be immaterial. Depreciation on other fixed assets has been calculated at 25% on the book value.

**(iii) Stocks**

Stocks are valued at the lower of cost and net realisable value.

**(iv) Transfer fees**

Transfer fees payable and receivable are dealt with in the profit and loss account in the year in which the transfer contract is signed.

**(v) Signing-on Fees and Loyalty Bonuses**

Signing-on fees and loyalty bonuses are charged on the accruals basis and those instalments due in the future on continued service are not provided for but are noted as contingent liabilities at Note 19.

**(vi) Grants**

Grants receivable from The Football Trust are deducted from the expenditure to which they relate.

**(vii) Deferred Taxation**

Deferred tax is provided at current rates in respect of the tax effect of all material timing differences, to the extent that it is probable that a liability or asset will crystallize in the foreseeable future.

2

**TURNOVER**

	1995 £	1994 £
Match receipts and income from related footballing activities	10,322,364	6,721,342
Commercial and sundry income	3,223,260	2,137,065
	<hr/> 13,545,624	<hr/> 8,858,407

3

**OTHER INCOME**

	1995 £	1994 £
Donations from development associations	127,792	122,050
Rents receivable	18,679	25,796
	<hr/> 146,471	<hr/> 147,846





4	OPERATING PROFIT	1995 £	1994 £
	The operating profit is stated after charging:		
	Depreciation	143,191	123,028
	Costs of capital restructuring	106,315	131,650
	Auditors' remuneration - for audit	9,000	7,500
	- for other services	11,650	8,950

5	INTEREST RECEIVABLE	1995 £	1994 £
	Bank deposit interest	52,485	-
	Other interest	10,275	6,333
		<u>62,760</u>	<u>6,333</u>

6	INTEREST PAYABLE	1995 £	1994 £
	On bank overdrafts	143,215	227,674
	On other liabilities	62	24
		<u>143,277</u>	<u>227,698</u>

7	TRANSFER FEES	1995 £	1994 £
	Transfer fees payable and related levies	(12,727,160)	(3,803,212)
	Transfer fees receivable	2,350,000	2,575,000
		<u>(10,377,160)</u>	<u>(1,228,212)</u>

8	PARTICULARS OF EMPLOYEES	1995 Number	1994 Number
	The average weekly number of employees during the year was as follows:		
	Playing, training and management	57	54
	Maintenance and administration	35	29
	Catering and sales	50	31
		<u>142</u>	<u>114</u>

	1995 £	1994 £
Aggregate payroll costs were as follows:-		
Wages and salaries	6,679,794	4,597,099
Social security costs	587,216	390,722
Other pension costs	164,348	188,390
	<u>7,431,358</u>	<u>5,176,211</u>





8 Other pension costs comprise contributions made by the Company in respect of the majority of its permanent employees to pension schemes which are independently administered by the Football League Limited, together with contributions made to individual pension contracts with insurance companies under agreements with certain employees. All pension arrangements are defined contribution schemes and contributions are charged to the profit and loss account in the year to which they relate.

The directors received no emoluments from the company during the year.

## 9 TAXATION

No taxation arises on the results of the current year and losses are available for relief against future profits for taxation purposes.

In view of the continuing use of the freehold properties by the company in the future, no provision is considered necessary in respect of the potential tax liability which might arise in the event of the disposal of the properties at the amounts at which they are included in these accounts, and in the opinion of the directors it is impracticable and of no useful purpose to attempt to quantify it.

## 10 TANGIBLE FIXED ASSETS

	Properties £	Plant and equipment £	Vehicles £	Total £
Cost or valuation				
At 31 May 1994	8,305,326	869,684	251,744	9,426,754
Additions	2,342,397	254,348	47,430	2,644,175
Grants	(1,503,465)	—	—	(1,503,465)
Disposals	—	—	(170,192)	(170,192)
Revaluation adjustment	—	—	—	—
At 31 May 1995	9,144,258	1,124,032	128,982	10,397,272
Cost	2,660,258	1,124,032	128,982	3,913,272
Valuation in April 1991	6,484,000	—	—	6,484,000
	9,144,258	1,124,032	128,982	10,397,272
Depreciation				
At 31 May 1994	—	689,579	103,909	793,488
Provided during year	—	108,613	34,578	143,191
On disposals	—	—	(83,707)	(83,707)
At 31 May 1995	—	798,192	54,780	852,972
Net book value				
At 31 May 1995	9,144,258	325,840	74,202	9,544,300
At 31 May 1994	8,305,326	180,105	147,835	8,633,266

Expenditure of £1,552,202 incurred during the year on the completion of the new Park End Stand is included above under additions to properties. The aggregate cost of the stand over the past two years is £2.7 million, in respect of which the Club has received or been promised grants of £1.5 million from the Football Trust.

The Club's properties are freehold, with the exception of certain minor residential properties which are long leasehold.

NOTES  
TO THE  
ACCOUNTS



**10**

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

	1995 £	1994 £
Cost	4,800,920	3,958,523
Aggregate depreciation	162,846	156,876
Net book value	4,638,074	3,801,647

**11****STOCKS**

	1995 £	1994 £
Refreshments, souvenirs and goods for resale	199,982	66,188
Maintenance stocks	8,905	1,917
	208,887	68,105

**12****DEBTORS**

	1995 £	1994 £
Trade debtors	2,661,737	1,350,845
Other debtors	211,781	258,975
Prepayments and accrued income	432,594	166,273
	3,306,112	1,776,093

Other debtors includes a bridging loan of £190,000 (1994 - Nil) to an officer of the company other than a director.

**13****CREDITORS:**

*Amounts falling due  
within one year*

	1995 £	1994 £
Trade creditors	4,206,456	2,053,324
Social security and other taxes	824,069	130,658
Pension scheme premiums	1,307	905
Other creditors	—	2,683
Accruals and deferred income	1,379,295	808,197
	6,411,127	2,995,767
Corporation tax	—	2,350
Bank overdraft	2,807,199	4,289,092
Loan from brewery	—	53,352
	9,218,326	7,340,561

The bank overdraft is secured by fixed and floating charges over all the company's assets and undertakings.





## 14 EQUITY SHARE CAPITAL

	1995 £	1994 £
Authorised: 5,000 (1994 - 2,500) stock units of £1 each	5,000	2,500
Allotted, issued and fully paid: 5,000 (1994 - 2,500) stock units of £1 each	5,000	2,500

An increase in the authorised share capital of the company from £2,500 to £5,000 and a rights issue of shares were approved by a special resolution passed at an extraordinary general meeting of the company held on 26 July 1994. Following the approval of the rights issue, 2,500 stock units of £1 each were allotted and fully paid up for cash at £4,000 per stock unit to provide additional working capital.

## 15 RESERVES

	Share Premium Account £	Revaluation Reserve £	Profit and Loss Account £
Balance at 1 June 1994	—	4,527,325	(1,282,756)
Premium arising on rights issue of shares	9,997,500	—	—
Loss for the year	—	—	(9,373,396)
Balance at 31 May 1995	9,997,500	4,527,325	(10,656,152)

## 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Loss for the year	(9,373,396)	(455,040)
New share capital subscribed, including premium	10,000,000	—
Net addition to shareholders' funds	626,604	(455,040)
Shareholders' funds at 1 June 1994	3,247,069	3,702,109
Shareholders' funds at 31 May 1995	3,873,673	3,247,069

## 17 CASH FLOW STATEMENT

### (a) Reconciliation of operating profit to net cash inflow from operating activities:

	1995 £	1994 £
Operating profit	1,084,281	998,951
Depreciation charges	143,191	123,028
Decrease/(Increase) in stocks	(140,782)	12,791
Increase in debtors	(1,535,751)	(173,757)
Increase in creditors	3,415,360	1,373,340
Net cash inflow from operating activities	2,966,299	2,334,353

NOTES  
TO THE  
ACCOUNTS





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*(b) Analysis of cash and cash equivalents:*

	1995 £	1994 £	Change in year £	Change in year £
Cash at bank and in hand	32,699	110,166	(77,467)	41,839
Bank overdrafts	(2,807,199)	(4,289,092)	1,481,893	(468,383)
	<u>(2,774,500)</u>	<u>(4,178,926)</u>	<u>1,404,426</u>	<u>(426,544)</u>

*(c) Analysis of changes in financing:*

	Share capital (including premium) £	Loans £
Balance at 1 June 1993	2,500	58,210
Net cash outflow from financing	—	(4,858)
Balance at 31 May 1994	2,500	53,352
Net cash inflow/(outflow) from financing	10,000,000	(53,352)
Balance at 31 May 1995	<u>10,002,500</u>	<u>—</u>

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**FUTURE CAPITAL EXPENDITURE**

	1995	1994
Capital expenditure contracted for but not provided for in these accounts amounted to	£2.4m	£1.4m
Further capital expenditure authorised by the directors on which orders had not been placed prior to the Balance Sheet date amounted to	Nil	Nil

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**CONTINGENT LIABILITIES**

No provision is included in the accounts for transfer fees of £934,000 which are contingent upon future appearances of certain players, and signing-on fees and loyalty bonuses of £2,644,863 which will become due to certain players if they are still in the service of the Club on specific future dates.

The Club, in common with other clubs in The Football Association Premier League, has been requested by the Inland Revenue to commission the preparation of a report on tax sensitive issues. Contingent upon the outcome of such report, Everton may or may not face additional tax liabilities arising in respect of earlier periods.





## REPORT OF THE AUDITORS TO THE MEMBERS OF THE EVERTON FOOTBALL CLUB COMPANY LIMITED

We have audited the financial statements on pages 12 to 20 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on page 15.

### *Respective Responsibilities of Directors and Auditors*

As described on page 9 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of Opinion*

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

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

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 1995 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

**Rogers, Bowler & Co**

Chartered Accountants and Registered Auditors  
Birkenhead

12 October 1995

AUDITORS'  
REPORT



**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 May 1996**

	Notes	1996 £	1995 £
<b>Turnover</b>	2	17,004,370	13,545,624
<b>+</b>			
<b>Direct operating costs</b>		(15,851,634)	(12,607,814)
<b>Gross Profit</b>		1,152,736	937,810
<b>Other income</b>	3	141,137	146,471
<b>Operating Profit</b>	4	1,293,873	1,084,281
<b>Interest receivable</b>	5	6,170	62,760
<b>Interest payable</b>	6	(858,988)	(143,277)
<b>Profit</b>			
on ordinary activities before transfer fees		441,055	1,003,764
<b>Net transfer fees</b>	7	(8,403,019)	(10,377,160)
<b>Loss</b>			
on ordinary activities before taxation		(7,961,964)	(9,373,396)
<b>Taxation</b>	9	-	-
<b>Loss for the year</b>	15	(7,961,964)	(9,373,396)

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the loss for each of the above two financial years.

There is no material difference between reported profits and losses and historical cost profits and losses.

**BALANCE SHEET**  
**At 31 May 1996**

	Notes	£	1996	£	1995	£
<b>Fixed Assets</b>						
Tangible assets	10			14,145,206		9,544,301
<b>Current Assets</b>						
Stocks	11	684,838			208,887	
Debtors	12	1,080,698			3,306,112	
Cash at bank and in hand		37,246			32,699	
			<u>1,802,782</u>		<u>3,547,698</u>	
<b>Creditors</b>						
Amounts falling due within one year	13	(18,899,989)			(9,218,326)	
<b>Net Current Liabilities</b>				<u>(17,097,207)</u>		<u>(5,670,628)</u>
<b>Total Assets Less Current Liabilities</b>				<u>(2,952,001)</u>		<u>3,873,673</u>
<b>Capital and Reserves</b>						
Called up share capital	14		5,000			5,000
Share premium account	15		9,997,500			9,997,500
Revaluation reserve	15		5,663,617			4,527,325
Profit and loss account	15		(18,618,118)			(10,656,152)
<b>Shareholders' funds</b>	16		<u>(2,952,001)</u>			<u>3,873,673</u>

The financial statements were approved by the Board on  
and signed on its behalf by

**P. R. Johnson & R. J. Hughes**  
Directors

**CASH FLOW STATEMENT**  
**For the year ended 31 May 1996**

		1996		1995	
	Notes	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	17a		782,433		2,966,299
<b>Returns on investments and servicing of finance</b>					
Interest received		6,170		62,760	
Interest paid		(604,442)		(143,277)	
Net cash outflow from returns on investments and finance			(598,272)		(80,517)
<b>Taxation</b>					
Tax refunded			-		3,382
<b>Investing activities</b>					
Payments to acquire tangible fixed assets		(3,602,878)		(2,644,175)	
Grants from The Football Trust		100,000		1,503,465	
Receipts from sales of tangible fixed assets		-		86,484	
Transfer fees paid		(9,183,019)		(12,727,160)	
Transfer fees received		705,000		2,350,000	
Net cash outflow from investing activities			(11,980,897)		(11,431,386)
NET CASH OUTFLOW BEFORE FINANCING			(11,796,736)		(8,542,222)
<b>Financing</b>					
Issue of new share capital, including premium		-		10,000,000	
Loans repaid		-		(53,352)	
Net cash inflow from financing			-		9,946,648
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	17b		(11,796,736)		1,404,426

**NOTES TO THE ACCOUNTS**

For year ended 31 May 1996

**1. ACCOUNTING BASIS AND POLICIES**

These accounts have been prepared on the historical cost basis of accounting as modified to include valuations of the Club's properties, and in accordance with applicable UK accounting standards and accounting policies consistent with those adopted previously. The principal accounting policies are as follows:

**(i) Turnover**

Turnover is stated exclusive of value added tax and match receipts are included net of percentage payments to visiting clubs, The F.A. Premier League and The Football Association.

**(ii) Fixed Assets and Depreciation**

Depreciation is not provided on freehold properties. It is the group's policy to maintain all its properties in such a condition that the estimated aggregate residual values are at least equal to their book values. Consequently, any element of depreciation would, in the opinion of the directors, be immaterial. Residual values are appraised each year by reference to the estimated depreciated replacement cost of the properties in aggregate, and the Goodison Park stadium in particular. Provision will be made against the cost of the properties in the event of any permanent diminution in their values. Depreciation on other fixed assets has been calculated at 25% on book value.

**(iii) Stocks**

Stocks are valued at the lower of cost and net realisable value.

**(iv) Transfer Fees**

Transfer fees payable and receivable are dealt with in the profit and loss account in the year in which the transfer contract is signed.

**(v) Signing-on Fees and Loyalty Bonuses**

Signing-on fees and loyalty bonuses are charged on the accruals basis and those instalments due in the future on continued service are not provided for but are noted as contingent liabilities at Note 19.

**(vi) Grants**

Government grants towards freehold properties are deducted from the cost of these assets. Although this treatment is permitted by Statement of Standard Accounting Practice No 4, it is not in accordance with Schedule 4 to the Companies Act 1985 under which the freehold properties should be stated at their purchase price or production cost and the government grants treated as deferred income and released to profit and loss account over the useful life of the corresponding assets.

The directors are of the opinion that, as the freehold properties are not depreciated as explained above and the government grants would therefore remain in the balance sheet in perpetuity, the treatment otherwise required by the Companies Act 1985 would not present a true and fair view of the group's effective investment in non-depreciating assets. The amount of grants deducted from the properties are set out in note 10, which therefore shows the effect of the company's policy.

**(vii) Deferred Taxation**

Deferred tax is provided at current rates in respect of the tax effect of all material timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

<b>2. TURNOVER</b>	<b>1996</b>	<b>1995</b>
	£	£
Match receipts and income from related footballing activities	12,520,006	10,322,364
Commercial and sundry income	4,484,364	3,223,260
	<u>17,004,370</u>	<u>13,545,624</u>
<b>3. OTHER INCOME</b>	<b>1996</b>	<b>1995</b>
	£	£
Donations from development associations	119,699	127,792
Rents receivable	21,438	18,679
	<u>141,137</u>	<u>146,471</u>
<b>4. OPERATING PROFIT</b>	<b>1996</b>	<b>1995</b>
	£	£
The operating profit is stated after charging:		
Depreciation	204,556	143,191
Costs of capital restructuring	-	106,315
Auditors' remuneration - for audit	14,000	9,000
for other services	7,000	11,650
	<u>225,556</u>	<u>269,156</u>
<b>5. INTEREST RECEIVABLE</b>	<b>1996</b>	<b>1995</b>
	£	£
Bank deposit interest	-	52,485
Other interest	6,170	10,275
	<u>6,170</u>	<u>62,760</u>
<b>6. INTEREST PAYABLE</b>	<b>1996</b>	<b>1995</b>
	£	£
On bank overdrafts	857,259	143,215
On other liabilities	1,729	62
	<u>858,988</u>	<u>143,277</u>

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<b>7. TRANSFER FEES</b>	1996	1995
	£	£
Transfer fees payable and related levies	(9,183,019)	(12,727,160)
Transfer fees receivable	780,000	2,350,000
	<u>(8,403,019)</u>	<u>(10,377,160)</u>

<b>8. PARTICULARS OF EMPLOYEES</b>	1996	1995
	Number	Number
The average weekly number of employees during the year was as follows:		
Playing, training and management	65	57
Management and administration	61	35
Catering and sales	44	50
	<u>170</u>	<u>142</u>
Aggregate payroll costs were as follows:	1996	1995
	£	£
Wages and salaries	8,976,377	6,679,794
Social security costs	768,148	587,216
Other pension costs	320,035	164,348
	<u>10,064,560</u>	<u>7,431,358</u>

Other pension costs comprise contributions made by the Company in respect of the majority of its permanent employees to pension schemes which are independently administered by the Football League Limited, together with contributions made to individual pension contracts with insurance companies under agreements with certain employees. All pension arrangements are defined contribution schemes and contributions are charged to the profit and loss account in the year to which they relate.

The directors received no emoluments from the company during the year.

## 9. TAXATION

No taxation arises on the results of the current year and losses are available for relief against future profits for taxation purposes.

In view of the continuing use of the freehold properties by the company in the future, no provision is considered necessary in respect of the potential tax liability which might arise in the event of the disposal of the properties at the amounts at which they are included in these accounts, and in the opinion of the directors it is impracticable and of no useful purpose to attempt to quantify it.

## 10. TANGIBLE FIXED ASSETS

	Properties £	Plant and equipment £	Vehicles £	Total £
Cost or valuation at 31 May 1995	9,144,258	1,124,032	128,982	10,397,272
Additions	3,333,450	409,960	25,760	3,769,170
Grants	-	(100,000)	-	(100,000)
Disposals	-	-	(8,800)	(8,800)
Revaluation adjustment	1,136,292	-	-	1,136,292
At 31 May 1996	13,614,000	1,433,992	145,942	15,193,934
Depreciation				
At 31 May 1995	-	798,192	54,780	852,972
Provided during year	-	167,465	31,866	199,331
On disposals	-	-	(3,575)	(3,575)
At 31 May 1996	-	965,657	83,071	1,048,728
Net book value				
At 31 May 1996	13,614,000	468,335	62,871	14,145,206
At 31 May 1995	9,144,258	325,840	74,202	9,544,300

The Club's properties are freehold, with the exception of certain minor residential properties which are long leasehold.

The Club's premises at Goodison Park (including the Megastore), the training grounds at Bellefield and Netherton, together with certain minor residential properties were revalued at £13,614,000 by Edward Symmons & Partners, Chartered Surveyors, as at the 14th May 1996. Their book value has been adjusted accordingly and the surplus on revaluation of £1,136,292 has been credited to reserves.

The freehold buildings at Goodison Park (including the Megastore) were valued at depreciated replacement cost, and the land at open market value for its existing use.

The valuation of the training grounds has been prepared on an existing use value basis, and the residential properties have been revalued at open market value basis with the benefit of full vacant possession or subject to and with the benefit of the various leases/agreements as appropriate.

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

	1996 £	1995 £
Cost	8,134,370	4,800,920
Aggregate depreciation	169,944	162,846
Net book value	7,964,426	4,638,074

<b>11. STOCKS</b>	1996	1995
	£	£
Refreshments, souvenirs and goods for resale	675,933	199,982
Maintenance stocks	8,905	8,905
	<u>684,838</u>	<u>208,887</u>

<b>12. DEBTORS</b>	1996	1995
	£	£
Trade debtors	708,654	2,661,737
Other debtors	195,665	211,781
Prepayments and accrued income	176,379	432,594
	<u>1,080,698</u>	<u>3,306,112</u>

Other debtors includes a bridging loan of £190,500 (1995 - £190,500) to an officer of the company other than a director

<b>13. CREDITORS</b>	1996	1995
<b>Amounts falling due within one year</b>	£	£
Trade creditors	595,149	4,206,456
Social security and other taxes	628,407	824,069
Pension scheme premiums	-	1,307
Other creditors	56,133	-
Accruals and deferred income	3,011,818	1,379,295
	<u>4,291,507</u>	<u>6,411,127</u>
Bank overdraft	14,608,482	2,807,199
	<u>18,899,989</u>	<u>9,218,326</u>

The bank overdraft is secured by fixed and floating charges over all the company's assets and undertakings.

<b>14. EQUITY SHARE CAPITAL</b>	1996	1995
	£	£
Authorised:		
5,000 (1995 - 5,000) stock units of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, issued and fully paid:		
5,000 (1995 - 5,000) stock units of £1 each	<u>5,000</u>	<u>5,000</u>

**15. RESERVES**

	Share Premium Account £	Revaluation Reserve £	Profit and Loss Account £
Balance at 1 June 1995	9,997,500	4,527,325	(10,656,152)
Loss for the year	-	-	(7,961,964)
Adjustment on revaluation of properties	-	1,136,292	-
Balance at 31 May 1996	<u>9,997,500</u>	<u>5,663,617</u>	<u>(18,618,116)</u>

**16. RECONCILIATION OF MOVEMENTS  
IN SHAREHOLDERS' FUNDS**

	1996 £	1995 £
Loss for the year	(7,961,964)	(9,373,396)
New share capital subscribed, including premium	-	10,000,000
Adjustment on revaluation of properties	1,136,292	-
Net (reduction)/addition to shareholders' funds	(6,825,672)	626,604
Shareholders' funds at 1 June 1995	<u>3,873,671</u>	<u>3,247,069</u>
Shareholders' funds at 31 May 1996	<u>(2,952,001)</u>	<u>3,873,673</u>

**17. CASH FLOW STATEMENT****(a) Reconciliation of operating profit to net cash inflow  
from operating activities:**

	1996 £	1995 £
Operating profit	1,293,873	1,084,281
Depreciation charges	204,556	143,191
Increase in stocks	(475,951)	(140,782)
Increase in debtors	2,300,414	(1,535,751)
Increase in creditors	(2,540,459)	3,415,360
Net cash inflow from operating activities	<u>782,433</u>	<u>2,966,299</u>

**(b) Analysis of cash and cash equivalents**

	1996 £	1995 £	Change in year £
Cash at bank and in hand	37,246	32,699	4,547
Bank overdrafts	(14,608,482)	(2,807,199)	(11,801,283)
	<u>(14,571,236)</u>	<u>(2,774,500)</u>	<u>(11,796,736)</u>

**18. FUTURE CAPITAL EXPENDITURE**

	1996 £	1995 £
Capital expenditure contracted for but not provided for in these accounts amounted to	512,000	2,400,000

**19. CONTINGENT LIABILITIES**

No provision is included in the accounts for transfer fees of £795,000 which are contingent upon future appearances of certain players, and signing-on fees and loyalty bonuses of £2,073,633 which will become due to certain players if they are still in the service of the Club on specific future dates.

The Club, in common with other clubs in The Football Association Premier League, has prepared a report for the Inland Revenue on certain tax sensitive issues. Negotiations are continuing with the Inland Revenue and at this time no assessment to tax has been raised by them. Contingent on the outcome of such negotiations, Everton may or may not face additional tax liabilities arising in respect of earlier periods. The directors consider that given the uncertainties involved they are unable to make a reasonable assessment as to any potential liability which may arise.

**20. POST BALANCE SHEET EVENTS**

Since 31st May 1996 the Club has incurred £2.7 million net transfer fees payable.

# **REPORT OF THE AUDITORS TO THE MEMBERS OF THE EVERTON FOOTBALL CLUB COMPANY LIMITED**

We have audited the financial statements on pages 12 to 20.

## **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 9 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

## **BASIS OF OPINION**

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

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

## **OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st May 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Richmond House  
1 Rumford Place  
Liverpool L3 9QY  
22nd August 1996

**KPMG**  
Chartered Accountants  
Registered Auditors

## PART IV

### ADDITIONAL INFORMATION

#### 1. Activities and incorporation

Everton was incorporated on 14th June, 1892 in England under the Companies Acts 1862-1890. Everton is registered in England and Wales under number 36624 and is governed by the Companies Act 1985. The principal activity of the Company is that of a professional football club.

#### 2. Capital

The authorised and issued capital of the Company as at 22nd August, 1996, and as it will be following the Rights Issue, is as follows:

	<i>Present</i>		<i>Following the Rights Issue</i>	
	<i>Authorised</i>	<i>Issued and Fully Paid</i>	<i>Authorised</i>	<i>Issued and Fully Paid</i>
Stock units				
— Numbers	5,000	5,000	35,000	35,000
— Nominal value	£5,000	£5,000	£35,000	£35,000

Following the Rights Issue, the Directors will have authority to allot the authorised and unissued capital of the Company as set out in the special resolution in the attached notice of Extraordinary General Meeting of the Company.

#### 3. Directors' and other interests

- (a) The interests of the Directors in the Stock Units as notified to the Company pursuant to sections 324, 328 and 346 of the Companies Act 1985 (the "Act") or shown in the register of such interests required to be maintained under the provisions of section 325 of the Act, are as follows:

	<i>Number of Stock Units</i>	
	<i>Beneficial</i>	<i>Non-beneficial</i>
P R Johnson	2,920	—
Sir Desmond H Pitcher DL	15	—
B C Finch	121	—
R J Hughes	3	—
Sir Philip D Carter CBE	103	—
Dr D M Marsh	10	—
K M Tamlin	17	—
W Kenwright	25	—
A J L Abercromby	15	—
Lord Grantchester	112	—

Under the Articles of Association of the Company, stockholders are not entitled to exercise the voting rights attaching to any stock units which are registered in their names for less than three months prior to the date of any General Meeting of the Company.

- (b) In addition to those interests referred to in paragraph 3(a) above, the Company has been notified of the following other interests in 3 per cent. or more of the current issued capital of the Company:

	<i>Stock Units</i>			
	<i>Beneficial</i>		<i>Non-beneficial</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
The Lady Betty Grantchester Settlement	—	—	249	4.98
Mrs Janatha Stubbs	249	4.98	—	—

The votes attaching to the Stock Units held by The Lady Betty Grantchester Settlement are exercisable by the trustees who are The Lady Grantchester and Mrs Janatha Stubbs.

- (c) Save as disclosed in paragraphs 3(a) and 3(b) above, the Directors are not aware of any person interested in 3 per cent. or more of the current issued capital of the Company.
- (d) K M Tamlin was until 30th June, 1994 a Partner in, and is now a Consultant with, the firm of Cuff Roberts, Solicitors, who provide legal services to the Company. None of the other Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected during the current or immediately preceding financial year or during any earlier financial year and which remains in any respect outstanding or unperformed.
- (e) So far as is known to the Company, and save as disclosed in paragraphs 3(a) and 3(b) above, no persons directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- (f) In the twelve months prior to 22nd August, 1996, there have been the following dealings for value in stock units by the Directors of the Company or parties connected therewith:

<i>Transfer date</i>	<i>Registration date</i>	<i>Parties</i>	<i>Number of Stock Units</i>	<i>Total consideration</i>
24.08.95	21.11.95	J W Bailey to Lord Grantchester	2	£5,000
20.09.95	26.10.95	S Black to A J L Abercromby	1	£2,500
22.09.95	25.01.96	M C Halliday to Lord Grantchester	1	£2,800
22.09.95	26.10.95	C Jenks to Lord Grantchester	2	£5,000
28.09.95	26.10.95	P Hughes to B C Finch	2	£5,600
15.11.95	25.01.96	C K Farrall to Lord Grantchester	5	£14,000
27.11.95	25.01.96	J A Taggart to A J L Abercromby	5	£14,000
27.11.95	25.01.96	S Traynor to A J L Abercromby	1	£2,800
20.12.95	25.01.96	N W Jones to B C Finch	2	£5,500
20.12.95	29.02.96	D Parry to A J L Abercromby	2	£5,500
20.12.95	29.02.96	K J Parry to A J L Abercromby	1	£2,750
20.12.95	29.02.96	Mrs M Parry to A J L Abercromby	2	£5,500
19.06.96	22.08.96	J Moores to AIB as trustee of The Peter Johnson Settlement	523	£1,372,875
02.08.96	22.08.96	AIB as trustee of The Peter Johnson Settlement to B C Finch	100	£262,500

- (g) Save as disclosed above, neither AIB, as trustee of The Peter Johnson Settlement, the Company, the Directors, nor any bank, financial or other professional adviser thereof, owned or controlled or was otherwise interested, at 22nd August, 1996 or has dealt for value in the twelve months prior to such date, in any Stock Units.
- (h) None of the Directors has a service contract with the Company and it is not intended that the Directors will receive any remuneration or benefits in kind from the Company in the current financial year.

#### **4. Memorandum and Articles of Association**

Set out below is a summary of the principal provisions of the Memorandum and Articles of Association of the Company:

(a) *Principal objects of the Company*

The principal objects of the Company are set out in Clause 3(a) of its Memorandum of Association and include carrying on the business of a Football and Athletic Club.

(b) *Increase in the capital of the Company and Variation of Rights*

The capital of the Company and the rights of the stock units can only be increased or varied by the passing of a special resolution of the stockholders.

(c) *Allotment of new shares*

Subject to any direction to the contrary given by the meeting that sanctions any increase of capital, all new shares shall be offered to the stockholders in proportion to existing stock units held by them and such offer shall be made by notice specifying the number of shares to which the stockholder is entitled and

limiting the time within which the offer, if not accepted, is deemed to be declined. After the expiration of such time or when the stockholder to whom such notice is given declines to accept the shares offered (if earlier) the Directors may dispose of the shares in such manner as they think most beneficial to the Company.

(d) *Voting Rights*

Votes may be given either personally or by proxy. If given by proxy the instrument appointing the proxy must be in the form set out in the Articles of Association.

On a show of hands every stockholder present in person shall have one vote and upon a poll every stockholder present in person or by proxy shall have one vote for each stock unit held by him.

If two or more persons are jointly entitled to stock units, the stockholder whose name stands first in the Register of Stockholders as one of the holders of such stock units and no other, shall be entitled to vote in respect of the same.

No stockholder shall be entitled to vote at any General Meeting unless all calls due from him have been paid.

No stockholder shall be entitled to vote at any meeting in respect of any stock units that he has acquired by transfer unless he has possessed the stock unit and been the registered holder of it for at least three months prior to the time of holding the meeting at which he proposes to use the vote attaching to that stock unit.

(e) *Transfer and Transmission of Stock Units*

The instrument of transfer of any stock unit in the Company must be executed both by the transferor and the transferee and the transferor shall be deemed to remain a holder of such stock unit until the name of the transferee is entered into the Register of Stockholders. The Company may decline to register any transfer of stock units made by a member who is indebted to it. The transfer books shall be closed during the fourteen days immediately preceding the Annual General Meeting in each year.

The executors or administrators of a deceased stockholder will be the only persons recognised by the Company as having any title to his stock units. Any person becoming entitled to stock units in consequence of the death of any stockholder may be registered as a stockholder upon such evidence being produced as may from time to time be required by the Company. Alternatively, any person who has become entitled to stock units in consequence of the death of a stockholder may, instead of being registered himself, elect to have some person to be named by him registered as a transferee of such stock units.

(f) *Winding up*

If the Company is wound up or dissolved, any surplus assets remaining after satisfaction of all debts and liabilities of the Company shall be applied, first, in repaying to the stockholders of the Company the amount paid on their stock units respectively, and if such surplus assets shall be insufficient to repay the same amount in full they shall be applied rateably, so that the loss shall fall upon the members in proportion to the amount called up on their stock units respectively and no stockholder shall be entitled to have any call made upon other stockholders for the purpose of adjusting his rights; but where any call has been made and has been paid by some of the stockholders, such call shall be enforced against the remaining stockholders for the purpose of adjusting the rights of the stockholders between themselves.

If such surplus assets shall be more than sufficient to pay to the stockholders the whole amount paid upon their stock units, the balance shall be given to The Football Association Benevolent Fund or to some other company, club or institute in the Metropolitan County of Merseyside having objects similar to those contained in the Memorandum of Association of the Company, or to any local charity or charitable or benevolent institution situate within the same County, such company, club, institute, institution or charity to be decided upon and such assets apportioned among all or any of such companies, clubs, institutes, institutions or charities by the stockholders of the Company at or before the time of dissolution as they shall direct, or, in default of any such decision or apportionment by the stockholders of the Company, the same shall be decided upon and apportioned by a Judge of the High Court of Justice having jurisdiction in such winding-up or dissolution as he shall determine, or such assets may be disposed of in such other manner as the stockholders of the Company with the consent of The Football Association shall determine.

## **5. Underwriting Agreement**

On 22nd August, 1996 the Company (1) entered into the Underwriting Agreement with AIB, as trustee of The Peter Johnson Settlement (2). The Underwriting Agreement is conditional, *inter alia*, upon the special resolution being passed at the Extraordinary General Meeting. If the special resolution is passed and the Rights Issue implemented, the rights to any new shares which are not taken up by Qualifying Stockholders, any persons in whose favour the rights have been renounced or any subsequent transferee thereof, by 6.00 pm on 9th October, 1996, will lapse and the new shares to which the rights relate will be allotted to AIB, as trustee of The Peter Johnson Settlement, at the price of £500 per share. No underwriting fees or commissions are payable under the Underwriting Agreement. The Underwriting Agreement contains certain warranties and indemnities by the Company. A copy of the Underwriting Agreement is available for inspection as set out in paragraph 15 below.

## **6. The Peter Johnson Settlement**

The Peter Johnson Settlement was established on 12th May, 1989, between P R Johnson and AIB, the sole trustee, and is for the benefit of P R Johnson and his family. The registered office of AIB Trust Company (Jersey) Limited is AIB House, PO Box 468, Grenville Street, St Helier, Jersey, Channel Islands, JE4 8WT.

## **7. Indebtedness**

At the close of business on 31st July, 1996, Everton had the following indebtedness:

Bank overdrafts (secured)	£13,500,000
Bank overdrafts (subject to guarantee by P R Johnson)	£2,221,819

At 31st July, 1996, Everton had contingent liabilities of £795,000 in respect of transfer fees which are contingent upon future appearances of certain players; in addition, in respect of certain players, part of any profits on a future sale by Everton will be payable to their former clubs. Signing-on fees and loyalty bonuses of £3,243,408 will become due to certain players if they are still in the service of Everton on specific future dates.

Everton, in common with other clubs in The Football Association Premier League, has submitted a report on tax sensitive issues as required by the Inland Revenue. Contingent upon the outcome of such a report, Everton may or may not face additional tax liabilities arising in respect of a seven year period ended on 5th April, 1994.

Save as aforesaid, at the close of business on 31st July, 1996, Everton did not have any loan capital (including term loans) outstanding or created but unissued, nor any mortgages, charges, debentures or other loan capital or other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills), acceptance credits, finance leases, hire purchase commitments or guarantees or other material contingent liabilities.

## **8. Working capital**

The Directors are of the opinion that, after taking into account the bank facilities available to the Company and the net proceeds of the Rights Issue, the Company will have sufficient working capital for its present requirements.

## **9. Material contract**

Save as disclosed below, there have been no contracts entered into by the Company, other than in the ordinary course of business, within the two years immediately preceding the date of this document, which are or may be material:

The Underwriting Agreement dated 22nd August, 1996 between the Company (1) and AIB, as trustee of The Peter Johnson Settlement (2), further details of which are set out in paragraph 5 of this Part IV above.

## **10. Litigation**

The Company is not involved in any legal or arbitration proceedings which may have or have had during the twelve months preceding the date of this document, a significant effect on the Company's financial position nor, as far as the Directors are aware, are any such proceedings pending or threatened against the Company.

## 11. Dividends

Dividends payable on Stock Units are limited by the Rules of The Football Association which provide, *inter alia*:

“Rule 34(a)(i) Dividends - A larger dividend shall not be declared than the maximum dividend allowed from time to time by the Association and may be cumulative for a period not exceeding three years (that is to say the past three consecutive years). Until otherwise determined by the Association the maximum dividend payable in respect of any year shall be fifteen per cent. of the amounts credited as paid up on such share.”

## 12. Taxation

**The comments below are only a guide to the general position based on the Company's understanding of United Kingdom law and practice. They may not apply to certain classes of persons. If you are in any doubt as to your tax position or if you are subject to tax in a jurisdiction other than the United Kingdom, you should consult your own professional advisers.**

Under current UK taxation legislation there is no withholding tax on dividends. When paying a dividend, however, the Company is required to account to the Inland Revenue for advance corporation tax (“ACT”). The rate of ACT is currently equal to 25 per cent. of the amount of the cash dividend.

An individual stockholder who is resident in the United Kingdom for tax purposes (a “UK individual stockholder”) will be entitled to a tax credit in respect of any dividend received from the Company and will be taxable on the aggregate of the dividend and the tax credit (the “gross dividend”). The value of the tax credit will be a quarter of the dividend. The gross dividend will be treated as the top slice of an individual's income. A UK individual stockholder who, due to his personal circumstances, is not liable to income tax in respect of the gross dividend (or any part thereof) will be able to reclaim the tax credit (or part thereof) from the Inland Revenue. In the case of a UK individual stockholder who is liable to income tax only at the lower rate or the basic rate, the tax credit will in each case discharge his tax liability in respect of the gross dividend and he will have no further tax to pay and no right to claim any repayment from the Inland Revenue. In the case of a UK individual stockholder who is liable to income tax at the higher rate, the tax credit will be set against but will not fully discharge his tax liability on the gross dividend and he will have to pay additional tax equal (at present rates) to 20 per cent. of the gross dividend, to the extent that such a sum, when treated as a top slice of his income, falls above the threshold for higher rate income tax.

United Kingdom resident trustees who are liable to tax at the basic rate only will have no further income tax liability on a dividend they receive, as the tax credit attaching to the dividend will discharge their liability to tax on that dividend. United Kingdom resident trustees who are liable to income tax at the rate applicable to trusts (currently 34 per cent.) will have an additional tax liability equal to 14 per cent. (at current rates) of the gross dividend.

A corporate stockholder which is resident for tax purposes in the United Kingdom will generally be treated as receiving franked investment income equal to the gross dividend. A United Kingdom tax resident corporate stockholder will not generally be liable to United Kingdom corporation tax on any such dividend received from another United Kingdom tax resident company.

Subject to certain exceptions for Commonwealth citizens, citizens of Ireland, residents of the Isle of Man or the Channel Islands and certain others, the rights of a stockholder who is not resident in the United Kingdom for tax purposes to claim any part of the tax credit attaching to the dividend received will depend on upon the existence and terms of any double taxation convention between the United Kingdom and the country in which he is resident. A stockholder who is not resident in the United Kingdom for tax purposes should consult his own tax adviser concerning his tax liabilities on dividends received, his entitlement to claim any part of the tax credit and, if he is so entitled, the procedure for doing so. A stockholder resident outside the United Kingdom may also be subject to taxation on the dividend income under the law of their country of residence.

A disposal of Stock Units may, after taking account of indexation allowance, give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom taxation of chargeable gains for stockholders who are resident or ordinarily resident in the United Kingdom or other stockholders who carry on a trade, profession or vocation in the United Kingdom through a branch or agency in connection with which the Stock Units are held.

Transfers of Stock Units, which once registered, will be liable to stamp duty generally at the rate of 50p per £100 (or part thereof) of the price paid. Agreements to transfer the Stock Units (including the renunciation of Provisional Allotment Letters) may be subject to Stamp Duty Reserve Tax also generally at the rate of 50p per £100 (or part thereof) if within two months of such agreement a transfer of the Stock Units to which the agreement relates in favour of the purchaser is not executed and duly stamped.

The Stock Units will be assets situated in the UK for the purposes of UK inheritance tax. The death of, or the gift of Stock Units by, a stockholder may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the stockholder is neither domiciled nor deemed to be domiciled in the UK. Inheritance tax is not chargeable on certain types of gifts made seven years or more before the death of the donor.

### 13. Irrevocable Undertakings

- (a) The Directors (including, in respect of P R Johnson, AIB, as trustee of The Peter Johnson Settlement) have given irrevocable undertakings dated 22nd August, 1996 to the Company that they will, in respect of the Stock Units carrying voting rights exercisable at the Extraordinary General Meeting to which they are beneficially entitled, vote in favour of the special resolution necessary to implement the Rights Issue at the Extraordinary General Meeting on 16th September, 1996.
- (b) Irrevocable undertakings to vote in favour of the special resolution have also been given by Mrs Janatha Stubbs in respect of her beneficial holding of Stock Units and by The Lady Grantchester and Mrs Janatha Stubbs as trustees of The Lady Betty Grantchester Settlement in respect of the Stock Units of that settlement.

The aggregate number of Stock Units which are the subject of irrevocable undertakings given to the Company to vote in favour of the special resolution is 3,316 Stock Units representing 66.3 per cent. of the issued capital of the Company.

### 14. General

- (a) Save as disclosed in Part I of this document, there has been no material change in the financial or trading position of the Company since 31st May, 1996, being the date to which the latest audited financial statements of the Company were prepared.
- (b) The expenses of the Rights Issue (including professional fees and the costs of printing and distribution), which are payable by the Company, are estimated to amount to approximately £100,000 (exclusive of VAT).
- (c) The total proceeds to be raised by the Rights Issue are £15 million and the net amount after the deduction of the expenses in 14(b) above is expected to be £14.9 million.
- (d) The Rights Issue price represents a premium of £499 per share to the nominal value of £1 per share.
- (e) The statutory accounts for the three years ended 31st May, 1996 have been audited but, in respect of the year ended 31st May, 1996 only, have been reported upon by the auditors pursuant to section 235 of the Companies Act 1985, but have not yet been adopted by the Company's stockholders. The auditors' reports on all such accounts were unqualified. The Company's auditors for the two financial years ended 31st May, 1995 were Rogers, Bowler & Co. of 56 Hamilton Street, Birkenhead L41 5HZ and for the financial year ended 31st May, 1996 were KPMG of Richmond House, 1 Rumford Place, Liverpool L3 9QY. KPMG and Rogers, Bowler & Co. have each confirmed to the Company that they have not become aware, since the dates of their respective reports, of any matter affecting the validity of their reports.
- (f) The Company only registers transfers of Stock Units at a Board Meeting. The table below sets out the average price at which Stock Units have been traded for value during each of the six months prior to the date of this document:

<i>Month</i>	<i>Number of Transactions</i>	<i>Number of Stock Units</i>	<i>Average price per Stock Unit</i>
1996			
March	2	13	£2,784
April	2	4	£2,850
May	2	8	£3,125
June	3	527	£2,647
July	4	118	£3,156
August	4	11	£7,750

- (g) Rothschilds, Rogers, Bowler & Co. and KPMG have given and have not withdrawn their respective written consents to the issue of this document with the inclusion herein of references to their respective names in the forms and contexts in which they appear.
- (h) Save as disclosed herein, no agreement, arrangement or understanding (including any compensation arrangement) exists between P R Johnson and any person acting in concert with him and any of the Directors, recent Directors, stockholders or recent stockholders of the Company having any connection with or dependence on the Rights Issue.
- (i) There is no agreement, arrangement or understanding whereby the beneficial ownership of the new Stock Units acquired by AIB, as trustee of The Peter Johnson Settlement as a result of the Rights Issue, will be transferred to any other person.
- (j) Application has not been made for the new Stock Units to be admitted to dealings on a recognised investment exchange. Save as set out in Part II of this document, there are no other arrangements for dealings in the new shares to be issued pursuant to the Rights Issue or the new Stock Units and no other such arrangements are intended.
- (k) The liability of the stockholders of the Company is limited.

**15. Documents available for inspection**

Copies of the following documents will be available for inspection at the Registered Office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 16th September, 1996;

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited financial statements of the Company for the three years ended 31st May, 1996;
- (c) the material contract referred to in paragraph 9 above;
- (d) the irrevocable undertakings referred to in paragraph 13 above; and
- (e) the consent letters referred to in paragraph 14(g) above.

Date: 23rd August, 1996

# THE EVERTON FOOTBALL CLUB COMPANY LIMITED

Company Number 36624

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at The Alex Young Lounge at Goodison Park, Liverpool L4 4EL at 6.00 pm on 16th September, 1996 to consider and, if thought fit, pass the following Resolution:

### SPECIAL RESOLUTION

- (a) "THAT the authorised capital of the Company be and is hereby increased from £5,000 to £35,000 by the creation of 30,000 shares of £1 each such shares of £1 each to rank *pari passu* in all respects with the existing Stock Units of £1 each in the capital of the Company;
- (b) THAT the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £30,000 during the period commencing with the date of the passing of this Resolution and ending on 15th September, 2001 and pursuant to and during the period of the said authority the Directors be and are hereby empowered, pursuant to section 95 of the Companies Act 1985, to allot equity securities as if section 89(1) of the said Act did not apply Provided that this power shall be limited to the allotment of 30,000 shares of £1 each pursuant to the Rights Issue and Underwriting Agreement as each of those terms is defined and more fully explained in the circular to stockholders of the Company dated 23rd August, 1996 of which this notice forms part. For the purposes of this Resolution, words and expressions defined in or for the purpose of Part IV of the Companies Act 1985 shall bear the same meanings herein; and
- (c) THAT immediately following the allotment fully paid of all or any of the shares of £1 each created pursuant to paragraph (a) above pursuant to the authority granted pursuant to paragraph (b) above, each share of £1 each be thereupon converted into a stock unit of £1 each in the capital of the Company, each such stock unit of £1 to rank *pari passu* with the existing Stock Units of £1 in the capital of the Company."

Dated: 23rd August, 1996

#### Registered Office

Goodison Park  
Liverpool  
L4 4EL

#### By order of the Board

M J Dunford  
Secretary

#### Notes:

- 1 A member of the Company entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies to attend and, upon a poll, vote in his stead. A proxy need not be a member of the Company. A form of proxy for use by stockholders is enclosed with the circular to stockholders of the Company dated 23rd August, 1996 of which the notice forms part.
- 2 To be effective, the form of proxy, duly executed together with the power of attorney (if any) under which it is signed, must be lodged at the Company's Registered Office by not later than 6.00 pm on Saturday, 14th September, 1996.