



HONOURS LIST

FIRST DIVISION CHAMPIONS

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

RUNNERS-UP

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

SECOND DIVISION CHAMPIONS

1930/31

RUNNERS-UP

1953/54

FA CUP WINNERS

1906, 1933, 1966, 1984, 1995

RUNNERS-UP

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

FOOTBALL LEAGUE CUP RUNNERS-UP

1976/77, 1983/84

FA CHARITY SHIELD WINNERS

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

EUROPEAN CUP-WINNERS' CUP WINNERS

1984/85

FA YOUTH CUP WINNERS

1964/65, 1983/84, 1997/98

RUNNERS-UP

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

The Everton Football Club Company Limited,
Goodison Park, Liverpool L4 4EL



ANNUAL REPORT & ACCOUNTS
2005



ThePeople'sClub
evertonfc.com



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Directors and Advisors

- Directors
- W Kenwright CBE (Chairman)
- J V Woods (Deputy Chairman)
- P R Gregg
- K Wyness
- A Gregg
- Chief Executive
- K Wyness
- Company Secretary
- M Cheston
- Registered Office
- Goodison Park
- Liverpool, L4 4EL
- Auditors
- Deloitte & Touche LLP
- Liverpool
- Bankers
- Barclays Bank plc
- Liverpool
- Registrars
- Capita IRG
- The Registry
- 34 Beckenham Road
- Beckenham
- Kent
- BR3 4TU





Notice of the AGM

Notice is hereby given that the one hundred and twenty sixth Annual General Meeting of The Everton Football Club Company Limited (The Company) will be held in the Alex Young Suite, Goodison Park, Liverpool, L4 4EL on the 24th November 2005 at 7pm for the purpose of considering the following ordinary business.

1. To receive the Directors' Report and Financial Statements for the year ended 31st May 2005.
2. To re-appoint Deloitte & Touche LLP as Auditors to the Company and to authorise the Directors to fix their remuneration.
3. To re-elect Director - in accordance with the provisions of Article 18.2, J V Woods retires by rotation and being eligible offers himself for re-election.
4. To elect Director - A Gregg, having been co-opted to the Board on the 8th December 2004, be re-appointed to the Board.
5. To transact any other business which may be transacted at the Annual General Meeting of the Company.

By order of the Board

M CHESTON
Company Secretary
Goodison Park
Liverpool L4 4EL
Date: 30th September 2005

NOTES

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

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

The stock transfer books of the Company will be closed until 25th November 2005.

INFORMATION TO SHAREHOLDERS

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

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

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



Chairman's Statement

Football being what it is - a sport which quite often seems perversely designed to bring about crushing disappointment - the tears that I tried to hold back as our home League campaign ended against Newcastle United back in early May could have been misconstrued. Happily though this time the tears were of joy.

I was not alone - as I looked out across a packed Goodison Park the joy was uncontained. A typically-efficient victory had moved us to within touching distance of a return to European football's prestige tournament for the first time in 34 years, a monumental achievement which was to be confirmed just over 24 hours later when Liverpool's defeat at Highbury meant our neighbours could not overhaul us and that fourth place in, arguably, world football's most-competitive League was definitely ours.

The fact that I stood there soaking up a very special, magical moment at the end of my first season as Chairman of the Club I have always loved was irrelevant - it was an afterthought. I stood there as a supporter, one who was grateful to those members of the Everton managerial and playing staffs who had combined so expertly to bring such undiluted happiness to those who had waited so patiently for so long.

I feel certain that you all felt the same sense of enormous pride, as did I, when David Moyes was named Manager of the Year by the League Managers' Association for the second time in three seasons. It truly is a magnificent achievement by such a comparatively young manager but, as we know by now, here is a man who positively delights in drawing inspiration from adversity, a man who does not understand the concept of failure, a man who has dedicated his professional life to the pursuit of perfection.

David has been fully supported by his Board of Directors - and that unswerving support will continue because if we are to build something of substance and meaning upon the foundations he and his players have now laid in place, it is imperative that he enjoys the unqualified backing of not only the team on the pitch but also the one away from it.

Football remains a transient business so, as ever, the Club's playing staff was subjected to change over the past year. During the January transfer window, James Beattie became the most expensive player in our history when he signed from Southampton. He was joined at Goodison by Simon Davies, Per Kroldrup, John Ruddy, Mikel Arteta, Phil Neville and more recently, Andy van der Meyde, Nuno Valente and Matteo Ferrari, the latter joining - initially at least - on a 12-month loan deal. Amongst those who left the Club were Peter Clarke, Nick Chadwick and four men who will live long in the affections of all Evertonians - Kevin Campbell, Thomas Gravesen, Alan Stubbs and Steve Watson. They moved on to face fresh challenges with our grateful thanks and our very best wishes.

The one aspect of our Club which thrills but never surprises me is our magnificent level of support. Our average League attendance during the course of last season was 36,834, built upon a bedrock of season-ticket sales which surpassed the 24,000 figure.

Biased though I undoubtedly am, I will never be swayed from the belief that Everton Football Club is privileged to have the most loyal - and the most knowledgeable - group of supporters in British football. On behalf of you all, may I express my heartfelt thanks and appreciation to our diligent matchday staff and to the members of the various emergency services who continue to ensure the safety and comfort of all those who visit Goodison Park. Our thanks also go out to each and every member of the Everton staff - irrespective of whether they be full-time or part-time - who performed their various duties with diligence, professionalism and enthusiasm during the course of what was, unquestionably, a most demanding season.

Some 12 months after his arrival on Merseyside from Aberdeen, our Chief Executive Officer, Keith Wyness, is now, I suspect, fully conversant with both the size of the task he accepted last summer and, more saliently, the size of the sporting institution whose business he oversees on a daily basis. The running of a football club is an invariably complex business and I know that Keith is still fine-tuning the managerial team



Chairman’s Statement continued

which will work alongside him as he seeks to ensure that last season's upturn in fortunes comes to represent the norm rather than the exception. To that end we recently welcomed onto the staff Robert Elstone from Deloitte & Touche. Robert arrives as the Club's Chief Operating Officer and we wish him well in his new career.

On a personal note, I would like to thank my fellow directors and the Club's Heads of Department for their support, encouragement and continued professionalism throughout a year which, whilst hugely rewarding in a sporting sense, was often difficult and always challenging.

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

Our relationship with our main sponsor, the Thai beverages company, Chang, has proved to be particularly close and rewarding. In the wake of the dreadful tsunami which devastated large parts of Thailand late last year, we were the first English Club to launch a disaster appeal and, typically and predictably, Evertonians gave generously to a most worthy cause. The proceeds were used to help build the "Everton-Chang Village" a new, 50-home estate in Ban Naan Khen near Phuket which

was visited by our manager and players during July's Asian Trophy tournament in Bangkok.

Finally, I assure you that the Board of Directors will continue their vigilance in terms of controlling costs and with regard to isolating and then fully exploiting potential revenue streams. As ever, sound and careful financial planning is absolutely essential if we are, indeed, to maximise our great Club's huge potential but the Board will, of course, remain ever mindful that a successful team - backed up and ably supported by a successful business operation - is our over-riding priority. Last season was memorable in so many ways but it is inevitable that in a business which is fluid, ever-changing and, by its very nature, always enormously demanding, mistakes were made along the way.

I have felt a part of this football club since my days in the boys' pen and so, in much the same way as I share in the successes, I always accept a measure of the blame when our collective shortcomings are exposed. As ever, all I can promise is that I will continue to give everything I can as we seek to re-establish Everton Football Club as a leading light not just within English football but within the vanguard of the European game.

Bill Kenwright

Financial Review

I am delighted to report that our turnover for the year represents a record figure for Everton Football Club - £60.0m, an increase of 34% on the prior year (2004: £44.7m). With the exception of the prior year, this figure continues the previous, most welcome, trend of consistent year-on-year growth that has now spanned more than a decade.

The achievement of this record turnover is largely due to two factors - a final FA Premier League placing of 4th (compared to a position of 17th in the previous campaign, 2003-2004) and a significant increase in the number of live television appearances; as we are all aware, in sport, success does breed success. Other revenue categories also demonstrated a year-on-year growth and a breakdown of these can be found in Note 2 of the accounts.

We have repeatedly stressed the desire - indeed, the need - to reduce the Club's annual wage bill as a proportion of turnover and this has been achieved with a reduction of 23% to 51% (2004: 74%). This decrease has resulted in a reduction in wages of some 7% to £30.8m (2004: £33.2m).

After taking this decrease into consideration we are pleased to report that we have recorded an operating profit on operations excluding player trading of £10.4m (2004: loss of £2.7m). When we incorporate the amortisation of players' registrations of £10.4m (2004: £11.3m) we have turned the operating loss of £14.0m from the previous year into a small current year operating profit.

Predictably, the most significant increase from the prior year was in the area of player-trading where we recorded a profit of £23.4m (2004: £1.6m) on disposal of players' registrations - mainly due to the sale, last August, of Wayne Rooney to Manchester United.

We also registered a profit of £2.8m (2004: £nil) on the disposal of tangible fixed assets after agreeing the sale of the Eileen Craven car park site.

Once we incorporate the annual interest charge of £2.9m (2004: £3.1m) - incurred principally to cover the cost of servicing the securitisation debt - as well as interest receivable, the accounts show a pre tax profit of £23.5m (2004: loss of £15.4m).

I am very pleased to report that borrowings for the year decreased by 40% to £28.3m (2004: £47.0m). This figure should, however, be placed into context by stating that £26.2m is not due for repayment for more than five years.

As a direct consequence of both the pre-tax profit and the reduction in borrowings, I am also pleased to report that the balance sheet now shows a net asset position of £0.5m (2004: net liability £23.1m).

Finally the cash inflow from operating activities was £13.3m (2004: outflow of £1.5m). After payments for interest and net capital expenditure the net cash inflow was £23.9m (2004: outflow of £11.7m), and following the repayment of various loans the increase in cash for the year was £10.3m (2004: decrease of £4.1m).





Youth Academy

Nowhere is a Club's history more appreciated than here at Everton - but celebrating the achievements, the triumphs and the heroes of the past will never be allowed to distract the Club from its primary objective of building for the future; pasts are to be enjoyed, futures are to be anticipated with much relish.

The Club's Youth Development Programme provides the foundations for that future - on and off the field of play - and, as such, has always received the Board's total and unswerving support. The commitment to those foundations will take physical form with the development of the Club's new Youth Academy complex at Halewood.

The transformation from drawing-board design to glorious reality has, sadly and, perhaps inevitably, been delayed by red-tape since the feasibility study to pinpoint a suitable site for the development was first undertaken five years ago. However, that reality is now closer than ever, with preparatory work already now underway at the Halewood site.

It is a development that will provide a fitting home for both the first team and the Academy. We have been determined from the outset that only the best will do and we are confident that when the project is completed, Everton's training facilities will be the envy of the Premiership - and beyond.

Over the last twelve months Everton's Youth Academy has further underscored its position as one of the finest developers of footballing talent in the country. Head of the Academy, Ray Hall and his dedicated team deserve great praise for their exemplary efforts that, once again, have provided dividends for the senior squad.

The Academy's aim is to provide at least one player per season for the first team and the last twelve months has been no different, with the emergence of James Vaughan. On April 10 2005, at the tender age of

just 16 years and 271 days, the striker made his first team debut in a Premiership game against Crystal Palace at Goodison Park. That in itself was a record, James usurping Joe Royle to become the youngest player to ever represent the senior side. But, not content with penning one historical chapter, James promptly netted Everton's fourth goal of the game within ten minutes of entering the fray to become the Club's and the Premiership's youngest-ever goalscorer.

There has also been widespread international recognition for the Academy's players, with 11 youngsters called into action for their country. The links between the Academy and the senior side have been further strengthened with reserve team boss Andy Holden utilising a number of the Academy's Under-18, Under-17 and Under-16 players to help Everton's second string record a respectable mid-table finish in the Premier Reserve League.

Many of those teenagers were also involved in guiding the club's Under-18s to a third place finish in the FA's Premier Academy League as well as securing the Liverpool Senior Cup trophy with victory over Marine in the final. Sadly, it was a tale of disappointment in the FA Youth Cup though, with the Blues unfortunate to lose to Tottenham 2-1 at the last 16 stage.

Ray Hall regards international tournaments as vital to the development of young players, both as footballers and individuals. During the last year Everton won tournaments in Vienna and Epernay, with five players receiving individual awards for their excellence in Vienna, Mezzacorona and Bierbeck.

The Academy prides itself on its reputation for identifying and nurturing the finest talent at a young age. To maintain and enhance that reputation four additional members of staff have joined the Academy's Under-7s and Under-8s section. As ever, the Club has asked a great deal of the Academy. Once again, they have delivered.

Communications & Marketing

Communications

It is inevitable that improved performances on the pitch will precipitate a quite dramatic rise in the demands on the Club's Communications and Public Relations Department.

Indeed, as a campaign of sustained excellence unfolded, the level of interest from all arms of the media - written, broadcast and new-age - was almost unprecedented. However, it is pleasing to report that despite the at-times excessive demands, the Department not only coped admirably but ensured that its reputation as being the most-approachable and co-operative within the Premiership was further enhanced.

Ian Ross' team was further strengthened by the arrival of Scott McLeod from the Liverpool Echo, an experienced and respected observer of Merseyside football for many years.

The Club's official website - www.evertonfc.com - continues to show consistent and strong signs of sustained growth. Every conceivable aspect, every facet of Club life is both covered and reflected on a site which, under the astute stewardship of Mark Rowan, continues to garner both praise and awards. Indeed, our website was voted the Premiership's finest in a survey undertaken by Net-Progress. The website - which is now available in English, Mandarin and Thai - does, of course, also represent a key marketing tool and during the course of the year a series of fresh on-line business initiatives were introduced as we attempted to broaden our income streams.

The official matchday programme continues to win plaudits and awards, both for its content and its style - editor Darren Griffiths and designer Frank Tobin are to be congratulated. During last season, pagination was increased and deadlines realigned in order to broaden sales horizons - something which did not adversely affect either quality or sales. Under the Department's guidance, the official Club magazine, The Evertonian, also continues to flourish; circulation continues to climb.

The Department is also a key player in the organisation and running of the hugely-popular Sportsman's Dinners which have become such an intrinsic part of the Everton calendar. Indeed, the reunion of the celebrated 1985 squad was one of the most successful off-field events ever staged by the Club.

The end-of-season DVD - produced by the Department - registered record sales, the " premiere" in the Blue Brasserie being attended by in excess of 250 supporters.

The elevation and subsequent protection of our Club's image has never been more important than it is today so I am happy to place on record my thanks to Ian Ross and his team for their diligence and professionalism.

Marketing

It was another pleasing year of steady progress, realignment and consolidation within the Club's Marketing and Retail Departments with many of the targets and objectives set out 12 months ago not only achieved but handsomely bettered. We do believe that we now have a solid and viable platform in place from which to drive significant profit growth in the years that lie ahead. Sponsorship and advertising turnover

was up by 65% to £4.3m (2004: £2.6m) whilst merchandising revenue rose by an impressive 54% to £5.4m (2004: £3.5m).

We enter the 2005/06 season with a new, three-year commercial relationship with Thai Beverages through its " Chang Beer " brand. The deal does represent a significant and key development for the Club as it not only provides a welcome degree of stability through until 2008 but also a new financial benchmark for our commercial sponsorship deals.

During the last year, the Club undertook a thorough and far-reaching review of all its marketing and commercial activities with a view to improving the quality and range of its products and services; this process will continue until we can claim, without fear of contradiction, to have the most efficient commercial/retail operation in the Premiership.

The Club has recently launched evertonbet.com, a unique venture amongst European sporting clubs and one that underscores our determination to be leaders rather than followers. The year began with a "first" - the sealing of a shirt-supply deal with JJB Sports/Umbro, one that has ensured that access to the Club's Umbro-produced kits has never been easier or more efficient.

As ever the Christmas and New Year period was both frantic and productive with the opening of retail outlets in Birkenhead and Ellesmere Port complementing the hugely successful Liverpool city centre store. In keeping with a determination to make simpler and more effective the lines of communication between customer and Club, the retail department increased its presence at several high-profile external events - most notably soccer camps and summer shows.

In January, we conducted a major survey - via the Club's official website - designed to present supporters with an opportunity to deliver both their input and their verdict on the Club's multi-faceted match-day operation. More than 17,000 supporters were invited to participate - the response was highly encouraging and the data garnered extremely useful.



Football in the Community



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

The integrity of that link between the Club and the fans has been strengthened by the fact that on the 1st June 2004 Everton Football In The Community began trading as a Charity. It now acts transparently as a separate entity to comply with all Charity Commission regulations. This has proved a resounding success in what has been another busy and productive year. The professionalism and dedication of everybody within Everton Football In The Community is to be commended.

As a result, Everton Football In The Community is now at the forefront of community sporting provision nationally and internationally. The work of the staff has led, for the second successive year, to a ‘Big Tick Award’ from Business in the Community. This was no surprise to the Board, who have been impressed with the programmes put into operation during the year.

Between January and May of this year no fewer than 4,500 children benefited from expert football coaching as part of the Charity’s ongoing scheme to work within schools in the Greater Merseyside area. It was work that also took Everton Football In The Community to 10 schools targeted by Education Action Zones in the St Helens and South Sefton areas, with staff providing support in motivation and personal development.

The Inter Schools Tournament was again very successful, with 32 teams taking part. However, the focus is not just on mainstream schools. IPOR, a school for socially excluded children, has benefited

from coaching courses run by Everton Football In The Community, encouraging primary school age children to focus on activities that will help them develop social and personal skills.

The Charity’s social inclusion work has seen 3 main areas of work develop over the year. ‘Moving Forward’ was a partnership with Weston Spirit enabling young people to develop skills in education, food and nutrition and therefore giving them the tools to equip them for life in general. A partnership with St Helens College enabled 17 young people to gain their Junior Football Organisers Award, which will allow them to further their interest in coaching. That said the impact of the Charity’s work is not just being felt on Merseyside.

The Centre of Excellence programme has developed 12 women internationals (England Under-15, Under-17 and Under-19) during this past year and the Club hopes there are more to come, judging by the talent coming through the community programmes. There are now 8 disability teams ranging from Under-16s to open age playing under the Charity’s banner and, as always, the popular and very successful ‘soccer camps’ continue to be held across Merseyside and in Ireland, where over 200 children eagerly took part over the 2 week period this year.

As a Charity, Everton Football In The Community has received funding from a variety of sources although, naturally, Everton Football Club remains the main sponsor. The Football Foundation, Ability Counts, Aim Higher, Learning Skills Council, Coca Cola, Highfield Care, Riverside Housing, Football Aid, FFE & VTS along with many individual supporters and donors have all helped make it a memorable year.

As a Club we shall continue to offer the diligent and highly professional members of Everton Football In The Community Charity every possible assistance as the relationship between the Club and local populous remains absolutely crucial.

Directors’ Report

The directors present their report and the audited financial statements of the Group and Company for the year ended 31st May 2005.

Principal Activity

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

Review of Business

The results of the year’s trading are shown on page 13 of the financial statements. A review of the Company’s business and future developments is set out in the Chairman’s Report and Financial Review on pages 5 to 7.

Dividend and Transfers from Reserves

The profit for the year amounted to £23.5m (2004 - loss £15.4m), which has been added into / transferred from reserves. The directors do not recommend the payment of a dividend (2004 - £nil).

Post Balance Sheet Events

A description of the material aspects of these events can be found in note 25 to the accounts.

Directors

The directors in office during the year and their beneficial interests in the share capital of the Company at the end of the financial year, and of the previous financial year, (or date of appointment where later) were as follows:

	Number of Shares	
	31st May 2005	31st May 2004
Sir Philip Carter CBE (resigned 01/06/04)	721	721
W Kenwright CBE	8,754	556
K M Tamlin (resigned 01/06/04)	119	119
A J L Abercromby (resigned 14/07/04)	1,935	105
P R Gregg	3,779	-
J V Woods	6,622	216
T Birch (appointed 01/06/04) (resigned 16/07/04)	-	-
K Wyness (appointed 13/09/04)	-	-
A Gregg (appointed 08/12/04)	4,075	-

W Kenwright CBE, P R Gregg and J V Woods were also directors of True Blue Holdings Limited, a company that held 24,986 shares in Everton Football Club. On 2nd December 2004 True Blue Holdings Limited was voluntarily wound up and its shares in Everton Football Club Company Limited were distributed at par in specie to its members.

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

Directors’ Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for the system of internal control, for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Employment Policies

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

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

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

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

Auditors

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

Approved by the Board on 30th September 2005 and signed on its behalf by

M Cheston, Company Secretary