Everton post fifth consecutive full-year loss

Everton returned a loss for the fifth successive year with the £44.7m deficit reported for the 2020-21 season taking their cumulative losses to more than £430m over the period.

The long-awaited publication of the club's accounts on Friday revealed the club had succeeded in making significant reductions to their losses, down £76.2m from £120.9m the previous year, and wages-to-turnover ratio.

A large chunk of that was down to income brought in from player trading, with the £60m sale of Richarlison to Tottenham making a huge difference to the look of the accounts.

However, that was not enough to prevent the Premier League last week referring Everton to an independent commission for an alleged breach of profit and sustainability rules for this reporting period.

Clubs are allowed to lose a maximum of £105m over three years but that decision still came as something as a surprise to officials at Goodison Park, who have been working closely with the Premier League on the issue for more than a year, and they have pledged to "robustly defend" their position.

And while the latest financial update has brought another loss there are signs the club, which has not returned a profit since 2017, are at least moving in the right direction.

Of the 15 clubs to have released their 2020-21 accounts to date, six – Arsenal, Chelsea, Bournemouth, Leicester, Manchester United and Tottenham – have all recorded heavier losses.

The effect of the global Covid-19 pandemic on the Toffees has been calculated at £90.4m over the last three years but Everton sources, quoting third-party analysis, argue the club has been further negatively impacted due to the effect on player trading.

For more than a year the club have been undertaking cost-cutting exercises across the board and that has resulted in staff costs being reduced by £20.6m with the total wages-to-turnover ratio reduced from 95 per cent to 90 per cent.

However, broadcast revenue was down by £31.3m from the previous year, primarily due to the delayed conclusion of the 2019-20 season falling into the prior financial year, having less fixtures broadcast and dropping from 10th to 16th in the Premier League table.

Everton’s net debt rose £83.5m to £141.7m due to investment in the playing squad and costs associated with the new stadium build at Bramley-Moore Dock.

Since the financial year end owner Farhad Moshiri has provided an additional £70m of financial support to be used for further stadium development and operational cashflow requirements.

Chairman Bill Kenwright reiterated the club’s stance that they have not breached any regulations, saying in the annual report: “The club is confident it remains compliant with all of the Premier League’s financial rules and regulations and has always provided information to them in an open and transparent manner.

“That the club has always acted in good faith simply intensifies the disappointment experienced at last week’s news.”

Chief executive Denise Barrett-Baxendale stressed Everton remained in a secure financial position "thanks to the continued support and commitment of our majority shareholder (Moshiri)".

"These accounts illustrate the pragmatism demonstrated in order to navigate the economic turmoil created by the pandemic, a global financial crisis and a war in Ukraine," she said.

"The club has continued to be completely open and transparent with the Premier League.

"As a result, we are extremely confident we remain compliant with the Premier League's profitability and sustainability rules."

However, Barrett-Baxendale's confidence is not entirely shared by Everton's auditors, who made reference to the club's potentially perilous league position, just two points above the bottom three.

"Should the club be relegated, it will require additional financial support from its majority shareholder," they said in the report.

"These matters indicate that a material uncertainty exists that may cast significant doubt over on the group's ability to continue as a going concern."

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