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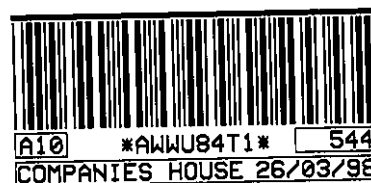
Company Registration No. 2487393

W. W. (1990) LIMITED

Report and Financial Statements

31 May 1997

**Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**





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REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Jack Hayward OBE
J M Hayward
R A Hayward
J G Hemingway

SECRETARY

R I Skirrow

REGISTERED OFFICE

Molineux Stadium
Waterloo Road
Wolverhampton
WV1 4QR

AUDITORS

Deloitte & Touche
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 1997.

ACTIVITIES

The principal activity of the group during the year was the provision of football and other related activities

REVIEW OF DEVELOPMENTS

During the year the company maintained an interest in the share capital of Wolverhampton Wanderers Properties Limited, Wolverhampton Wanderers FC (1986) Limited and Wolvesnet Limited. The primary aim of the group remains that of achieving Premiership status.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend. The loss of the group for the year after taxation of £6,438,465 (1996 - company £4,614) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, or subsequently, and their beneficial and family interests in the shares of the company were:

		Ordinary shares of £1 each	
		1997	1996
		or date of	or date of
		appointment	appointment
Sir Jack Hayward OBE	(appointed 2 September 1997)	-	-
J M Hayward		-	-
R A Hayward	(appointed 2 September 1997)	-	-
J G Hemingway	(appointed 2 September 1997)	-	-
M J Blackburn	(resigned 22 May 1997)	-	-
J N Stones	(resigned 15 September 1997)	-	-

EMPLOYEE INVOLVEMENT

The group has established structures and procedures for consultation, communication and negotiation with its employees. Importance is placed on this aspect of the business and all managers have a responsibility to this end.

EMPLOYMENT OF DISABLED PERSONS

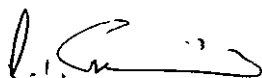
Suitable procedures are in operation to support the group's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

DIRECTORS' REPORT

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R I Skirrow
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chartered Accountants

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham B3 2BN

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AUDITORS' REPORT TO THE MEMBERS OF

W. W. (1990) LIMITED

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of 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 circumstances of the company and the group, 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 affairs of the company and the group as at 31 May 1997 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

18 March 1998.




CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 May 1997

	Note	Group 1997 £	Company 1996 £
TURNOVER	1	11,441,019	-
Operating expenses		(14,029,622)	(4,614)
OPERATING LOSS BEING LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TRANSFER FEES	4	(2,588,603)	(4,614)
Net transfer fees payable		(3,528,806)	-
LOSS AFTER TRANSFER FEES		(6,117,409)	(4,614)
Interest receivable and other similar income	5	101,410	-
Interest payable	6	(422,466)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,438,465)	(4,614)
Taxation	7	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE YEAR	17	(6,438,465)	(4,614)

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 May 1997

	Group 1997 £	Company 1996 £
Loss for the financial year	(6,438,465)	(4,614)
Gain arising on revaluation of fixed assets	7,007,394	-
Total recognised gains and losses for the year	568,929	(4,614)



CONSOLIDATED BALANCE SHEET

31 May 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	8	24,603,008	16,764,327
Investments	9	1,050	-
		<u>24,604,058</u>	<u>16,764,327</u>
CURRENT ASSETS			
Stocks	10	451,371	127,262
Debtors	11	499,421	686,585
Cash at bank and in hand		29,159	38,523
		<u>979,951</u>	<u>852,370</u>
CREDITORS: amounts falling due within one year	12	<u>(34,981,095)</u>	<u>(27,641,811)</u>
NET CURRENT LIABILITIES		<u>(34,001,144)</u>	<u>(26,789,441)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(9,397,086)	(10,025,114)
CREDITORS: amounts falling due after more than one year	13	<u>(2,507,995)</u>	<u>(2,448,896)</u>
		<u>(11,905,081)</u>	<u>(12,474,010)</u>
CAPITAL AND RESERVES			
Called up share capital	15	10,000,000	10,000,000
Revaluation reserve	16	7,007,394	-
Profit and loss account	16	<u>(28,912,475)</u>	<u>(22,474,010)</u>
EQUITY SHAREHOLDERS' FUNDS	17	<u>(11,905,081)</u>	<u>(12,474,010)</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

Sir Jack Hayward OBE

Director

MARCH 9 1998.



COMPANY BALANCE SHEET

31 May 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Investments	9	14,659,999	14,659,999
CURRENT ASSETS			
Debtors	11	19,291,174	9,404,084
CREDITORS: amounts falling due within one year	12	(24,314,207)	(14,420,888)
NET CURRENT LIABILITIES		(5,023,033)	(5,016,804)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,636,966	9,643,195
CAPITAL AND RESERVES			
Called up share capital	15	10,000,000	10,000,000
Profit and loss account	16	(363,034)	(356,805)
EQUITY SHAREHOLDERS' FUNDS		9,636,966	9,643,195

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

Sir Jack Hayward
Sir Jack Hayward OBE

Director

MARCH 9, 1998


CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 May 1997

	Note	1997 £
Cash inflow from operating activities	(i)	3,240,200
Returns on investments and servicing of finance		
Interest receivable and other similar income		101,410
Interest paid		<u>(422,466)</u>
Net cash outflow for returns on investments and servicing of finance		(321,056)
Taxation		-
Capital expenditure and financial investment		
Purchase of tangible fixed assets		(1,309,559)
Purchase of fixed asset investments		<u>(1,050)</u>
Net cash outflow for capital expenditure and financial investment		(1,310,609)
Cash outflow before use of liquid resources and financing		<u>1,608,535</u>
Financing		-
Increase in cash in the year	(ii)	<u><u>1,608,535</u></u>
 Reconciliation of net cash flow to movement in net debt	 (ii)	 1997 £
Increase in cash in the year		1,608,535
New finance leases		<u>(140,100)</u>
Movement in net debt in the year		1,468,435
Net debt at 1 June		<u>(8,326,649)</u>
Net debt at 31 May		<u><u>(6,858,214)</u></u>

No comparative cash flow statement has been produced as no group accounts were produced for 1995 or 1996.



NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT **Year ended 31 May 1997**

(i) RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES AFTER TRANSEFR FEES

	1997 £
Operating loss	(2,588,603)
Depreciation	618,372
Amortisation of deferred grant income	(56,557)
(Increase) instocks	(324,109)
Decrease/(increase) in debtors	187,164
Increase in loans due from ultimate parent company	9,894,200
(Decrease)/increase in creditors	(961,461)
Net cash inflow from operating activities before transfer fees	6,769,006
Net transfers payable	(3,528,806)
Net cash inflow from operating activities after transfer fees	<u>3,240,200</u>

(ii) ANALYSIS OF NET DEBT

	At 1 June 1996 £	Cash flow £	Other non-cash changes £	At 31 May 1997 £
Bank overdraft	(8,365,172)	1,617,899	-	(6,747,273)
Cash in hand and at bank	38,523	(9,364)	-	29,159
	<u>(8,326,649)</u>	<u>1,608,535</u>	<u>-</u>	<u>(6,718,114)</u>
Finance leases	-	-	(140,100)	(140,100)
	<u>(8,326,649)</u>	<u>1,608,535</u>	<u>(140,100)</u>	<u>(6,858,214)</u>

(iii) Major non-cash transactions

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £140,100 (1996 - £Nil).

**NOTES TO THE ACCOUNTS**
Year ended 31 May 1997**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of the stadium redevelopment.

Basis of consolidation

The group accounts incorporate the accounts of the company and its subsidiaries. The companies make up their accounts to the same date.

Going concern

The directors continue to adopt the going concern basis in preparing the financial statements as, after making appropriate enquiries and the continued support of the ultimate parent undertaking referred to in note 12, they consider that the company has adequate resources to continue for the foreseeable future.

Turnover

Turnover represents match receipts and other income associated with the principal activity of running a professional football club and excludes value added tax (all income generated in the UK).

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Stadium redevelopment	2% on straight line basis
Plant and equipment	10.0% on a straight line basis
Motor vehicles	20.0% on a straight line basis
Fixtures and fittings	12.5% on a straight line basis

No depreciation is provided on freehold property

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability methods in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Deferred grant income

Grants received in respect of safety work and ground improvements are credited to deferred grant income and are released to the profit and loss account over the anticipated useful life of the assets to which they relate.

Pensions

Defined contribution arrangements are made to eligible employees of the company. The pension cost charged in the year represents contributions payable by the company.


NOTES TO THE ACCOUNTS
Year ended 31 May 1997
1. ACCOUNTING POLICIES (continued)
Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

2. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated accounts have been prepared for the year ended 31 May 1997 although not required under the Companies Act 1985. Consolidated accounts were not prepared for the year ended 31 May 1996. Group comparatives in respect of the balance sheet have been produced for information only. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss for the financial year amounted to £6,229 (1996 - £4,614).

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Group 1997 £	Company 1996 £
Directors' emoluments		
Other emoluments	-	-
	No	No
Average number of persons employed		
Administration staff	129	3
Playing staff	49	-
	178	3
	£	£
Staff costs during the year (including directors)		
Wages and salaries	6,506,446	-
Social security costs	608,592	-
Pension costs	76,243	-
	7,191,281	-

4. OPERATING LOSS

	Group 1997 £	Company 1996 £
Operating loss is stated after charging/(crediting):		
Auditors' remuneration		
Audit fees	22,000	1,500
Non-audit fees	44,175	-
Operating leases		
Hire of plant and machinery	22,195	-
Hire of assets other than plant and machinery	90,484	-
Depreciation of tangible fixed assets	618,372	-
Amortisation of grant income	(56,557)	-



NOTES TO THE ACCOUNTS

Year ended 31 May 1997

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group 1997 £	Company 1996 £
Rental income	100,000	-
Bank interest	1,410	-
	<u>101,410</u>	<u>-</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Group 1997 £	Company 1996 £
On bank loans and overdrafts repayable within five years	422,466	-
	<u>422,466</u>	<u>-</u>

7. TAX ON LOSS ON ORDINARY ACTIVITIES

The group has no liability for taxation. The tax losses carried forward amount to £26 million (1996 - £20 million).


NOTES TO THE ACCOUNTS
Year ended 31 May 1997
8. TANGIBLE FIXED ASSETS

The Group	Stadium development £	Freehold property £	Plant equipment and motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 June 1996	16,027,057	212,383	1,085,933	1,424,774	18,750,147
Additions	1,323,273	-	37,179	89,207	1,449,659
Revaluation	5,549,670	-	-	-	5,549,670
At 31 May 1997	22,900,000	212,383	1,123,112	1,513,981	25,749,476
Accumulated depreciation					
At 1 June 1996	1,125,651	-	312,899	547,270	1,985,820
Charge for the year	332,073	-	103,129	183,170	618,372
Revaluation	(1,457,724)	-	-	-	(1,457,724)
At 31 May 1997	-	-	416,028	730,440	1,146,468
Net book value					
At 31 May 1997	22,900,000	212,383	707,084	783,541	24,603,008
At 31 May 1996	14,901,406	212,383	773,034	877,504	16,764,327

The net book value of fixed assets included £140,100 (1996 - £Nil) in respect of assets held under finance leases and hire purchase contracts.

As at 31 May 1997 the stadium development was valued at £22.9 million, on a depreciated replacement cost basis, by Dunlop Heywood & Co., Chartered Surveyors, and this value has been incorporated in these accounts. At 31 May 1997 the comparable amount determined according to the historical cost convention is £15,892,606.

All other tangible fixed assets are stated at historical cost.

9. INVESTMENTS HELD AS FIXED ASSETS

(a) The Group	Shares in subsidiaries £
Cost and net book value	
At 1 June 1996	-
Additions	1,050
At 31 May 1997	1,050

During the year Wolverhampton Wanderers FC (1986) Limited acquired a 1% share in 'The Wolf', a new radio station that will be launched in the Wolverhampton area.

NOTES TO THE ACCOUNTS
Year ended 31 May 1997

9. INVESTMENTS HELD AS FIXED ASSETS (continued)

(b) The Company	Shares in subsidiaries £
Cost and net book value At 1 June 1996 and 31 May 1997	<u>14,659,999</u>

The company wholly owns the following subsidiaries, all of which are incorporated in England.

Subsidiary undertakings	Activity
Wolverhampton Wanderers F.C. (1986) Limited	Football Club
Wolverhampton Wanderers Properties Limited	Property company
Wolvesnet Limited	Internet services

10. STOCKS

	Group 1997 £	Group 1996 £	Company 1997 £	Company 1996 £
Finished goods	<u>451,371</u>	<u>127,262</u>	<u>-</u>	<u>-</u>

11. DEBTORS

	Group 1997 £	Group 1996 £	Company 1997 £	Company 1996 £
Trade debtors	133,781	139,349	-	-
Amounts owed by fellow subsidiary	-	-	19,290,904	9,403,814
Other debtors	70,886	366,747	270	270
Prepayments and accrued income	<u>294,754</u>	<u>180,489</u>	<u>-</u>	<u>-</u>
	<u>499,421</u>	<u>686,585</u>	<u>19,291,174</u>	<u>9,404,084</u>

By an agreement dated 24 September 1991, the company has agreed to make a loan facility available to its subsidiary undertaking, Wolverhampton Wanderers F.C. (1986) Limited. The amount drawn down on that at 31 May 1997 was £13,654,800 (1996 - £3,666,211). By a further agreement dated 24 February 1992, the company has agreed to make available a loan facility up to a maximum of £11,000,000 to its subsidiary undertaking, Wolverhampton Wanderers Properties Limited. The amount drawn down on that at 31 May 1997 was £5,637,603 (1996 - £5,737,603). Both loans are unsecured and repayable on thirty days notice. They are currently interest free but the company has the right, at thirty days notice, to charge interest at a rate not exceeding 0.5% above the prevailing London inter-bank market rate of interest.


NOTES TO THE ACCOUNTS
Year ended 31 May 1997
12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 1997 £	Group 1996 £	Company 1997 £	Company 1996 £
Bank overdraft	6,747,273	8,365,172	-	-
Obligations under finance leases (note 14)	24,865	-	-	-
Trade creditors	993,796	876,958	-	-
Amounts owed to ultimate parent undertakings	24,456,957	14,562,758	24,311,553	14,417,353
Other taxation and social security	350,170	417,472	-	-
Other creditors	1,332,884	2,467,267	-	-
Accruals and deferred income	1,018,594	895,628	2,654	3,535
Deferred grant income	56,556	56,556	-	-
	<u>34,981,095</u>	<u>27,641,811</u>	<u>24,314,207</u>	<u>14,420,888</u>

The loan from the parent undertaking is unsecured and repayable on thirty days notice, although the directors of the parent undertaking have indicated that whilst it maintains a controlling interest in the company it will not discontinue financial support. It is currently interest free but the company has a right, at thirty days notice, to charge interest at a rate not exceeding 0.5% above the prevailing London inter-bank market rate of interest.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 1997 £	Group 1996 £	Company 1997 £	Company 1996 £
Mortgage loan	193,421	193,000	-	-
Deferred grant income	2,199,339	2,255,896	-	-
Obligations under finance leases between two and five years (note 14)	115,235	-	-	-
	<u>2,507,995</u>	<u>2,448,896</u>	<u>-</u>	<u>-</u>

14. BORROWINGS

	Group 1997 £
Bank overdraft - due within one year	6,747,273
Obligations under finance leases:	
Due within one year	24,865
Due within one to two years	24,077
Due within two to five years	91,158
	<u>6,887,373</u>

NOTES TO THE ACCOUNTS
Year ended 31 May 1997

15. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised, called up, allotted and fully paid 10,000,000 Ordinary shares of £1 each	10,000,000	10,000,000

16. RESERVES

Group	Revaluation reserve £	Profit and loss account £
At 1 June 1996	-	(22,474,010)
Retained loss for the year	-	(6,438,465)
Surplus arising on revaluation	7,007,394	-
At 31 May 1997	7,007,394	(28,912,475)

The cumulative amount of goodwill on acquisition written off to reserves is £1,659,996.

Company	Profit and loss account £
At 1 June 1996	(356,805)
Retained loss for the year	(6,229)
At 31 May 1997	(363,034)

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Loss for the financial year	(6,438,465)	(6,938,752)
Gain arising on revaluation of fixed assets	7,007,394	-
Net addition to/(reduction) in shareholders' funds	568,929	(6,938,752)
Opening shareholders' funds	(12,474,010)	(5,535,258)
Closing shareholders' funds	(11,905,081)	(12,474,010)


NOTES TO THE ACCOUNTS
Year ended 31 May 1997
18. FINANCIAL COMMITMENTS

	Group 1997 £	Group 1996 £	Company 1997 £	1996 £
Capital commitments				
Contracted for but not provided	-	-	-	-

Operating lease commitments

At 31 May 1997, the group and company had annual commitments under non-cancellable other operating leases as set out below:

	Group		Group	
	Land and buildings 1997 £	Other 1997 £	Land and buildings 1996 £	Other 1996 £
Leases which expire:				
Within one year	-	-	-	-
Within two to five years	-	117,223	-	107,475
After five years	-	-	-	-
	-	117,223	-	107,475

19. CONTINGENT LIABILITIES

The company had the following commitments at the balance sheet date.

Contingent appearance fees of £475,000

Contracts had been entered into with the players whereby signing on fees are payable over the life of the contract, provided the player does not ask for a transfer in writing. The potential future commitment to pay signing on fees amounts to £1,641,414.

20. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Wend Investments Limited, a company incorporated in the Bahamas.