
WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors J R Peace (resigned 5 August 2016)
M J Jenkins
R Garlick
A Wright (resigned 15 September 2016)
P C Band (appointed 1 October 2015)
J O Williams (appointed 5 August 2016)
P Y Li (appointed 15 September 2016)

Registered number 03295063

Registered office The Hawthorns
West Bromwich
West Midlands
B71 4LF

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2016

Introduction

The principal activity of the company is that of a Professional Football Club.

Business review

During the 2015-16 season, West Bromwich Albion Football Club competed in the Barclays Premier League for the sixth consecutive season and for the tenth in fourteen years.

The club accumulated 43 points from ten wins and thirteen draws including home triumphs against Arsenal and Manchester United as well as a satisfying away victory over our local rivals Aston Villa.

This enabled the club to finish fourteenth and secure its seventh consecutive season in the Premier League.

Principal risks and uncertainties

The board is aware of the risks which affect the company. It has analysed previous seasons spent in the Premier League and has tried to implement lessons learnt from this experience. The long term policy of the Club is to improve the playing squad and its infrastructure year on year.

Key performance indicators

	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2013	Year ended 30 June 2012
League	Premier League	Premier League	Premier League	Premier League	Premier League
Turnover	£98.3m	£96.3m	£86.8m	£69.7m	£66.7m
Operating profit/(loss) before player trading	£11.4m	£12.9m	£8.3m	£5.8m	£5.4m
Profit before tax	£1.2m	£3.7m	£12.8m	£6.0m	£0.4m
League position	14th	13th	17th	8th	10th
Points	43	44	36	49	47
Average attendance	24,600	25,100	25,200	25,250	24,850
Season ticket holders	17,925	18,300	19,200	19,300	18,900

This report was approved by the board on 2 December 2016 and signed on its behalf.

M J Jenkins
Director



WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

The directors present their report and the audited financial statements for the year ended 30 June 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Results and dividends

The profit for the year, after taxation, amounted to £999 thousand (2015 - £1,344 thousand).

Dividends of £27m were paid to West Bromwich Albion Group Limited, the intermediate parent company, during the year.

Directors

The directors who served during the year were:

J R Peace (resigned 5 August 2016)
M J Jenkins
R Garlick
A Wright (resigned 15 September 2016)
P C Band (appointed 1 October 2015)

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On 15 September 2016 J R Peace sold his holding in West Bromwich Albion Holdings Limited, the ultimate parent company, to Yunyi Guokai (Shanghai) Sports Development Limited. Yunyi Guokai (Shanghai) Sports Development Limited is controlled by G Lai.

Auditors

The business of Clement Keys LLP merged with PKF Cooper Parry Group Limited on 8 January 2016. Clement Keys LLP have resigned as auditor and the merged firm PKF Cooper Parry Group Limited has been appointed in its place.

This report was approved by the board on 2 December 2016 and signed on its behalf.



M J Jenkins
Director

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

We have audited the financial statements of West Bromwich Albion Football Club Limited for the year ended 30 June 2016, set out on pages 6 to 28. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST BROMWICH ALBION FOOTBALL CLUB LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

PKF Cooper Parry Group Limited

Gavin Whitehouse FCA (Senior statutory auditor)
for and on behalf of
PKF Cooper Parry Group Limited

Statutory Auditors
No 8 Calthorpe Road
Edgbaston
Birmingham
B15 1QT

2 December 2016

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Operations excluding player amortisation and trading £000	Player amortisation and trading £000	Total year ended 30 June 2016 £000	Total year ended 30 June 2015 £000
TURNOVER	4	98,337	-	98,337	96,269
Operating expenses		(86,951)	(13,171)	(100,122)	(97,974)
OPERATING (LOSS)/PROFIT before profit on disposal of player registrations	5	11,386	(13,171)	(1,785)	(1,705)
Profit on disposal of player registrations		-	2,803	2,803	5,330
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		11,386	(10,368)	1,018	3,625
Interest receivable	9			155	79
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				1,173	3,704
Tax on profit on ordinary activities	10			(174)	(2,360)
PROFIT FOR THE FINANCIAL YEAR				999	1,344

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED
REGISTERED NUMBER: 03295063

BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	11	24,906	13,415
Tangible assets	12	21,346	23,039
Investment property	13	2,602	1,175
		<u>48,854</u>	<u>37,629</u>
Current assets			
Stocks	14	463	703
Debtors: amounts falling due within one year	15	18,965	36,809
Cash at bank and in hand		14,322	3,855
		<u>33,750</u>	<u>41,367</u>
Creditors: amounts falling due within one year	16	(62,641)	(36,251)
Net current (liabilities)/assets		<u>(28,891)</u>	<u>5,116</u>
Total assets less current liabilities		<u>19,963</u>	<u>42,745</u>
Creditors: amounts falling due after more than one year	17	(4,461)	(1,528)
Provisions for liabilities			
Deferred tax	19	(1,600)	(1,314)
		<u>(1,600)</u>	<u>(1,314)</u>
Net assets		<u><u>13,902</u></u>	<u><u>39,903</u></u>
Capital and reserves			
Revaluation reserve	21	4,000	4,092
Investment property reserve	21	(218)	(218)
Profit and loss account	21	10,120	36,029
		<u><u>13,902</u></u>	<u><u>39,903</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 December 2016.

M J Jenkins
 Director

The notes on pages 11 to 28 form part of these financial statements.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Revaluation reserve £000	Investment property revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 July 2015	4,092	(218)	36,029	39,903
Comprehensive income for the year				
Profit for the year	-	-	999	999
Transfer from revaluation reserve on realisation of revaluation gains of property	(92)	-	-	(92)
Transfer to profit and loss reserves on realisation of revaluation gains of property	-	-	92	92
Total transfers between reserves	(92)	-	92	-
Total comprehensive income for the year	(92)	-	1,091	999
Dividends paid	-	-	(27,000)	(27,000)
Total transactions with owners	-	-	(27,000)	(27,000)
At 30 June 2016	4,000	(218)	10,120	13,902

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2014	4,184	(218)	34,593	38,559
Comprehensive income for the year				
Profit for the year	-	-	1,344	1,344
Transfer from revaluation reserve on realisation of revaluation gains of property	(92)	-	-	(92)
Transfer to profit and loss reserves on realisation of revaluation gains of property	-	-	92	92
Total transfers between reserves	(92)	-	92	-
Total comprehensive income for the year	(92)	-	1,436	1,344
Total transactions with owners	-	-	-	-
At 30 June 2015	4,092	(218)	36,029	39,903

The notes on pages 11 to 28 form part of these financial statements.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	£000	£000
Cash flows from operating activities		
Profit for the financial year	999	1,344
Adjustments for:		
Amortisation of players' registrations	13,171	14,612
Depreciation of tangible assets	1,086	1,096
Profit on disposal of player registrations	(2,803)	(5,330)
Profit on disposal of tangible assets	(5)	-
Decrease in stocks	240	43
Interest received	(155)	(79)
Taxation charge	174	2,360
Decrease in debtors	12,831	1,195
Decrease/ (increase) in amounts owed by groups	5,047	(3,761)
Increase in creditors	10,563	11,684
Increase in amounts owed to groups	20,269	82
Decrease in corporation tax provision	(1,431)	(1,900)
Net cash generated from operating activities	59,986	21,346
Cash flows from investing activities		
Purchase of player registrations	(28,208)	(19,607)
Sale of player registrations	6,349	5,330
Purchase of tangible fixed assets	(525)	(605)
Sale of tangible fixed assets	5	-
Purchase of investment properties	(295)	(588)
Interest received	155	79
Net cash from investing activities	(22,519)	(15,391)
Cash flows from financing activities		
Dividends paid	(27,000)	-
Net cash used in financing activities	(27,000)	-
Net increase / (decrease) in cash and cash equivalents	10,467	5,955
Cash and cash equivalents at beginning of year	3,855	(2,100)
Cash and cash equivalents at the end of year	14,322	3,855
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	14,322	3,855
	14,322	3,855

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. General information

West Bromwich Albion Football Club Limited is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared for the year ended 30 June 2016 (2015: year ended 30 June 2015).

The company's ultimate parent company at the year end is West Bromwich Albion Holdings Limited, a company registered in England and Wales for which Group financial statements as at 30 June 2016 have been prepared and will be available at Companies House by 31 March 2017. See Note 27 for details of change of ownership after the year end.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain freehold property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Turnover

Turnover represents all income arising from the activities of the company excluding player transfer fees and Value Added Tax.

2.3 Intangible fixed assets and amortisation

The cost of acquiring players' registrations is included in the balance sheet as intangible assets at cost less amortisation, which is charged over the length of the relevant contract. Provision is made where, in the opinion of the directors, an impairment of the carrying value of the players' registrations has occurred.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land	- Nil
Freehold property	- 2% to 10% straight line
Fixtures, fittings, plant & equipment	- 2% to 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the profit and loss account.

2.5 Revaluation of tangible fixed assets

The company applied the transitional arrangements of Section 35 of FRS 102 and used a previous valuation as the deemed cost for certain freehold property. The properties are being depreciated from the valuation date. As the assets are depreciated or sold an appropriate transfer is made from revaluation reserve to retained earnings.

2.6 Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

At each balance sheet date, stocks are assessed for impairment. Any impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Basic financial instruments (other than those wholly repayable or receivable within one year) are measured at amortised cost, using the effective interest method. The effective interest rate is the rate which exactly discounts the estimated future payments or receipts over the life of the instrument to its carrying amount at initial recognition, re-estimated periodically to reflect changes in the market rate of interest. Basic financial instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

2.13 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.14 Pensions

Defined contribution pension plan

The Company operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plans are held separately from the Company in independently administered funds.

2.15 Provisions for liabilities

Provisions are recognised where an event has taken place that gives the Company a legal or constructive obligation where settlement by a transfer of economic benefit is probable, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.17 Grants

Grants in respect of capital expenditure are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned.

Grants relating to expenditure arising out of the provisions of the Safety of Sports Grounds Act 1975 are credited to the profit and loss in the same period in which the expenditure is charged.

2.18 Heritage Assets

The Club holds a collection of football memorabilia which is not recognised in the Balance Sheet as cost information is not readily available and the directors believe that the benefits of obtaining valuations for these items would not justify the cost. The memorabilia has been built up over many years through existing items from the Club, donations and occasional acquisitions. The Club draws upon the collection for display in the stadium. The directors are of the opinion, that should a valuation for the collection be obtained, that the valuation would not be material in the context of these accounts and is incidental to the main activity of the Club. Consequently further disclosures under FRS102 - Heritage Assets are not deemed necessary.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies as described in note 2, the Company's Management are required to exercise judgement and make estimates and assumptions concerning the Company's future.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors considered relevant, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors have made the following key judgements, estimates or assumptions:

Tangible assets, depreciation and residual values

The Directors have reviewed the estimates for useful lives and associated residual values of all tangible asset classes and have concluded that useful lives and residual values are appropriate.

The useful lives of the assets and residual values are assessed regularly and may vary depending on a number of factors. Residual value and useful life assessments consider issues such as future market conditions, the remaining life of the asset and potential disposal values.

Intangible assets, amortisation and residual values

The Directors have reviewed the estimates for useful lives and associated residual values of all intangible asset classes and have concluded that asset lives and residual values are appropriate.

The useful lives of the assets and residual values are assessed regularly and may vary depending on a number of factors. In re-assessing useful lives, factors such as player health and fitness are taken into account. Residual value assessments consider issues such as future market conditions, Premier League status retention, the remaining life of the asset and the net present value of future cashflows.

Impairment of non-current assets

The company assesses the impairment of tangible and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results, including relegation from the Premier League;
- Significant damage or, in the context of players, significant injury;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgment. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

4. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2016	2015
	£000	£000
Gate receipts	7,696	7,976
Merchandising	3,035	2,719
Media related activities	78,873	77,465
Other commercial income	8,733	8,108
	98,337	96,268

All turnover arose within the United Kingdom, and relates to the principal activity.

The company only recognises one segment, being football operations, therefore no further segmental information is provided.

5. Operating profit

The operating profit is stated after charging:

	2016	2015
	£000	£000
Depreciation of tangible fixed assets	1,086	1,096
Amortisation of player registrations	13,171	14,612
Operating lease rentals - land and property	133	154

6. Auditor's remuneration

	2016	2015
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	18	17

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£000	£000
Wages and salaries	65,579	62,008
Social security costs	7,953	7,538
Other pension costs	210	255
	73,742	69,801

The average monthly number of employees, including the directors, during the year was as follows:

	2016	2015
	No.	No.
First Team Players and Coaching	43	38
Scholars and Youth Coaching	53	52
Administration and Commercial	55	54
Ground Staff	18	17
	169	161

8. Directors' remuneration

	2016	2015
	£000	£000
Directors' emoluments	3,345	2,367
Company contributions to defined contribution pension schemes	68	60
	3,413	2,427

During the year retirement benefits were accruing to 5 directors (2015 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,952 thousand (2015 - £1,119 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20 thousand (2015 - £20 thousand).

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

9. Interest receivable

	2016	2015
	£000	£000
Other interest receivable	155	79

10. Taxation

	2016	2015
	£000	£000
Corporation tax		
Current tax on profits for the year	-	169
Adjustments in respect of previous periods	(112)	1,988
Total current tax	(112)	2,157
Deferred tax		
Origination and reversal of timing differences	423	(142)
Changes to tax rates	(179)	-
Roll over relief on player registration timing differences	217	1,035
Other player registration timing differences	155	94
Prior year adjustments	68	(784)
Losses carried forward	(398)	-
Total deferred tax	286	203
Taxation on profit on ordinary activities	174	2,360

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.75%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	1,173	3,704
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.75%)	235	769
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	162	44
Capital allowances for year in excess of depreciation	(16)	98
Player registration timing differences	(372)	(846)
Adjustments to tax charge in respect of prior periods	(112)	1,988
Changes in provisions leading to an increase (decrease) in the tax charge	(407)	-
Unrelieved tax losses carried forward	398	-
Other differences leading to an increase (decrease) in the tax charge	-	104
Deferred taxation charge	286	203
Total tax charge for the year	174	2,360

Factors that may affect future tax charges

Legislative changes have been announced which will eventually reduce the main rate of corporation tax of 20% to 18% thus reducing the overall tax charge of future years. The change will be effective for periods beginning on or after:

1 April 2017 rate reduces to 19%;

1 April 2020 rate reduces to 18%.

Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind.

Certain players' registrations which have subsequently been sold have been dealt with under the intangible asset rollover regime resulting in a deferment of the liability into new player registrations.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

11. Intangible assets

	Player registrations £000
Cost	
At 1 July 2015	41,759
Additions	28,208
Disposals	(10,669)
At 30 June 2016	<u>59,298</u>
Amortisation	
At 1 July 2015	28,344
Charge for the year	13,171
On disposals	(7,123)
At 30 June 2016	<u>34,392</u>
Net book value	
At 30 June 2016	<u><u>24,906</u></u>
At 30 June 2015	<u><u>13,415</u></u>

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

12. Tangible fixed assets

	Freehold property £000	Fixtures, fittings, plant & equipment £000	Total £000
Cost or valuation			
At 1 July 2015	29,989	5,978	35,967
Additions	227	298	525
Disposals	-	(14)	(14)
Transfers between classes	(1,219)	-	(1,219)
At 30 June 2016	<u>28,997</u>	<u>6,262</u>	<u>35,259</u>
Depreciation			
At 1 July 2015	8,030	4,898	12,928
Charge for the period	675	411	1,086
Disposals	-	(14)	(14)
Transfers between classes	(87)	-	(87)
At 30 June 2016	<u>8,618</u>	<u>5,295</u>	<u>13,913</u>
Net book value			
At 30 June 2016	<u>20,379</u>	<u>967</u>	<u>21,346</u>
At 30 June 2015	<u>21,959</u>	<u>1,080</u>	<u>23,039</u>

Included in freehold property is land at valuation of £2,039,125 (2015: £2,039,125), cost £806,407 (2015: £806,407) which is not depreciated.

The Hawthorns Stadium was valued at depreciated replacement cost and the Tom Silk building was valued on the basis of open market value as advised by Dunlop Haywood, Consultant Surveyors, Manchester. The valuation was carried out at 31 January 1996 and additions since that date are stated at cost.

Cost or valuation at 30 June 2016 is as follows:

	Land and buildings £000
At cost	23,381
At valuation:	
1996	<u>5,616</u>
	<u><u>28,997</u></u>

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

12. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £000	2015 £000
Cost	<u>23,381</u>	<u>24,374</u>

13. Investment property

	Freehold investment property £000	Long term leasehold investment property £000	Total £000
Valuation			
At 1 July 2015	653	522	1,175
Additions at cost	74	221	295
Transfers between classes	1,132	-	1,132
At 30 June 2016	<u>1,859</u>	<u>743</u>	<u>2,602</u>

The 2016 valuations were made by the Directors, on an open market value for existing use basis.

14. Stocks

	2016 £000	2015 £000
Goods for resale	<u>463</u>	<u>703</u>

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

15. Debtors

	2016	2015
	£000	£000
Trade debtors	802	1,137
Amounts receivable in respect of player transfers	6,709	6,206
Amounts owed by group undertakings	7,198	12,248
Other debtors	1,135	16,289
Prepayments and accrued income	3,121	929
	18,965	36,809

16. Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Amounts payable in respect of player transfers	13,158	3,427
Trade creditors	2,126	2,807
Deferred grants	67	67
Amounts owed to group undertakings	22,457	2,187
Corporation tax	-	1,507
Taxation and social security	9,286	8,152
Other creditors	1,639	1,670
Accruals and deferred income	13,908	16,434
	62,641	36,251

17. Creditors: Amounts falling due after more than one year

	2016	2015
	£000	£000
Amounts payable in respect of player transfers	3,000	-
Deferred grants	1,461	1,528
	4,461	1,528

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

18. Financial instruments

	2016 £000	2015 £000
Financial assets		
Financial assets that are measured at undiscounted amount receivable	29,698	39,735
	<u>29,698</u>	<u>39,735</u>
Financial liabilities		
Financial liabilities that are measured at undiscounted amount payable	39,351	10,095
Financial liabilities that are measured at amortised cost	3,000	-
	<u>42,351</u>	<u>10,095</u>

Financial assets measured at undiscounted amount of the cash or other consideration, expected to be paid or received comprise cash at bank, trade debtors, amounts receivable in respect of player transfers, other debtors and amounts owed by group companies.

Financial liabilities measured at undiscounted amount payable comprise trade creditors, amounts payable in respect of player transfers, amounts due to group undertakings and other creditors.

Financial liabilities measured at amortised cost comprise amounts payable in respect of player transfers.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

19. Deferred taxation

	Deferred tax £000
At 1 July 2015	(1,314)
Charged to the profit or loss	(286)
At 30 June 2016	(1,600)

The provision for deferred taxation is made up as follows:

	2016 £000	2015 £000
Player registration timing differences	(2,110)	(1,970)
Other timing differences	510	656
	(1,600)	(1,314)

20. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

21. Reserves

Revaluation reserve

The revaluation reserve represents amounts revalued in relation to freehold property.

Investment property revaluation reserve

The investment property revaluation reserve represents amounts revalued in relation to investment property.

Profit & loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

22. Contingent liabilities

a) The terms of certain contracts with other football clubs in respect of the transfer of players' registrations include the payment of certain amounts upon fulfillment of a specific number of appearances in the future or the occurrence of future events, which amounts to £5.2m (2015: £3.5m).

b) The company is party to a cross guarantee and debenture over its assets to secure balances due to bankers by other group companies.

23. Pension commitments

The company operates defined contributions pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £142,688 (2015 - £195,447). Contributions totalling £15,214 (2015 - £19,174) were payable to the funds at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 30 June 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Land and buildings		
Not later than 1 year	539	700
Later than 1 year and not later than 5 years	181	712
Total	<u>720</u>	<u>1,412</u>
	2016 £000	2015 £000
Other		
Not later than 1 year	24	14
Later than 1 year and not later than 5 years	21	13
Total	<u>45</u>	<u>27</u>

25. Related party transactions

The company has taken advantage of FRS 102 Section 33.1A exemption from disclosing transactions with group undertakings where it is eligible to do so.

The directors consider there to be no key management personnel, other than the directors, who have authority and responsibility for planning, directing and controlling the activities of the company.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

26. Post balance sheet events

Since 30 June 2016 the Club has purchased and sold players registrations at a total initial cost of £24.5m (2015: £27.8m) and for proceeds of £6.75m (2015: £5.1m).

As at 30 June 2016 the Club's future minimum liability on first team wages over the remainder of their contracts, excluding any option years was £77.3m.

As at 1 September 2016, taking into account the purchase, sale and season long loans of player registrations since 30 June 2016, together with any contract extensions, the Club's future liability on the team player wages had increased by a further £25.1m to £102.4m.

On 15 September 2016 J R Peace sold his holding in West Bromwich Albion Holdings Limited, the ultimate parent company, to Yunyi Guokai (Shanghai) Sports Development Limited. Yunyi Guokai (Shanghai) Sports Development Limited is controlled by G Lai.

27. Controlling party

The company's ultimate parent company at 30 June 2016 was West Bromwich Albion Holdings Limited, a company registered in England and Wales for which Group financial statements as at 30 June 2016 have been prepared and will be available at Companies House by 31 March 2017. The ultimate controlling party of West Bromwich Albion Holdings Limited during the year to 30 June 2016 was J R Peace, a director of the company. Following the sale of the shares in West Bromwich Albion Holdings Limited the controlling party is G Lai.

28. First time adoption of FRS 102

The company transitioned from previously extant United Kingdom Generally Accepted Accounting Principles (UKGAAP) to FRS 102 as at 1 July 2014. The transition is not considered to have a material effect on the financial statements and no adjustments were necessary to restate the financial statements previously presented under UK GAAP, including the balance sheet as at 1 July 2014 and the financial statements as at and for the year ended 30 June 2015.