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**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 1999**

*Clement  
Keys*



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09/11/99

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

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**Company Information**

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<b>Directors</b>	A B Haie C M Stapleton (resigned 25.5.99) J W Brandrick B Hurst (resigned 25.5.99) R E McGing J D Wile D Colston (appointed 23.3.99) T Cardell (appointed 29.7.99) P C W Owen (appointed 29.7.99)
<b>Secretary</b>	John J Evans
<b>Company Number</b>	3295063
<b>Registered Office</b>	The Tom Silk Building Halfords Lane West Bromwich West Midlands B71 4BR
<b>Auditors</b>	Clement Keys Chartered Accountants Registered Auditor Nettleton House Calthorpe Road Birmingham B15 1RL

# WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

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**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999**

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The directors present their report and the financial statements for the year ended 30 June 1999.

**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 of the profit or loss of the company 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, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

**Results and dividends**

The loss for the year after taxation amounted to £2,229,093 (1998- profit of £528,264).

**Principal activities and review of business**

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

The results for the year are set out on page 4.

**Company's policy for payment of creditors**

The Companies Act 1985 (Miscellaneous Accounting Amendments) Regulations 1997 require the Company to make a statement of its policy on the payment of creditors.

It is its policy that the Company should agree appropriate terms and conditions in respect of its transactions with Suppliers and that payment should be made in accordance with those terms and conditions, provided that the Supplier has also complied with them.

Transfer fees are negotiated separately and payments made in accordance with the specific agreements.

The total amount of trade creditors, excluding transfer fees, falling due within one year at 30 June 1999 represents 23 days as a proportion of the total amount invoiced by suppliers during the year ended on that date.

**Directors**

The directors who served during the year were :

A B Hale  
C M Stapleton (resigned 25.5.99)  
J W Brandrick  
B Hurst (resigned 25.5.99)  
R E McGing  
J D Wile  
D Colston (appointed 23.3.99)

R E McGing held no interest in the share capital of West Bromwich Albion plc. All the other directors are directors of West Bromwich Albion plc and their interests are shown in the directors' report of that company.

**Year 2000 compliance**

As is well known, many computer and digital storage systems express data using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issue.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999

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A programme designed to address the impact of the Year 2000 on our business is underway. Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the Board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

**Auditors**

The auditors, Clement Keys, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 15 October 1999 and signed on its behalf.



John J. Evans  
Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

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We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 1 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 company's circumstances, consistently applied and adequately disclosed.

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

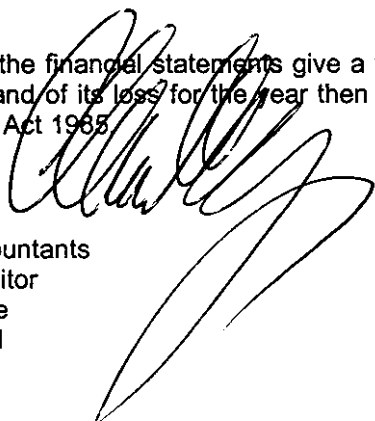
**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Clement Keys**

Chartered Accountants  
Registered Auditor  
Nettleton House  
Calthorpe Road  
Birmingham  
B15 1RL

15 October 1999



**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

**PROFIT AND LOSS ACCOUNT**  
For the year ended 30 June 1999

	Note	1999 £	1998 <i>As restated</i> £
<b>TURNOVER</b>	1,2	<b>6,494,971</b>	<b>7,162,283</b>
Cost of sales		<u>(625,705)</u>	<u>(599,164)</u>
<b>GROSS PROFIT</b>		<b>5,869,266</b>	<b>6,563,119</b>
Administrative expenses		<u>(6,357,746)</u>	<u>(5,670,460)</u>
<b>OPERATING (LOSS)/PROFIT</b>	3	<b>(488,480)</b>	<b>892,659</b>
Amounts written off players' contracts		<u>(1,797,000)</u>	<u>(1,542,000)</u>
Profit on transfer of players' registrations		<b>193,166</b>	<b>1,212,000</b>
Interest receivable	6	<b>5,925</b>	<b>58,491</b>
Interest payable	7	<u>(142,704)</u>	<u>(92,886)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>		<u><b>(2,229,093)</b></u>	<u><b>528,264</b></u>

The profit and loss account reflects the continuing operations of the Company. The Company made no material acquisitions and had no discontinued operations.

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

**STATEMENT OF RECOGNISED GAINS AND LOSSES**  
For the year ended 30 June 1999

	<b>1999</b>	<i>1998 as restated</i>
	<b>£</b>	<b>£</b>
(Loss)/profit for the financial year after taxation	<b>(2,229,093)</b>	528,264
Property revaluation adjustment	<b>(27,530)</b>	-
<b>Total gains and losses relating to the year</b>	<b><u>(2,256,623)</u></b>	<b><u>528,264</u></b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
For the year ended 30 June 1999

	<b>1999</b>	<i>1998 as restated</i>
	<b>£</b>	<b>£</b>
Reported (loss)/profit on ordinary activities before taxation	<b>(2,229,093)</b>	528,264
Difference between a historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	<b>91,278</b>	<i>(91,789)</i>
<b>Historical cost (loss)/profit on ordinary activities before taxation</b>	<b><u>(2,137,815)</u></b>	<b><u>436,475</u></b>



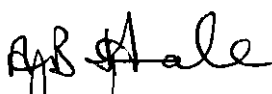
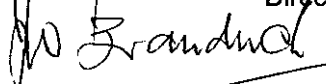
**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

**BALANCE SHEET**  
**As at 30 June 1999**

			1999		1998
	Note	£	£	£	As restated £
<b>FIXED ASSETS</b>					
Intangible fixed assets	8		2,494,414		3,386,536
Tangible fixed assets	9		12,835,629		12,893,037
			<u>15,330,043</u>		<u>16,279,573</u>
<b>CURRENT ASSETS</b>					
Stocks	10	159,740		209,325	
Debtors	11	554,667		1,068,010	
Cash at bank and in hand		3,742		922,642	
			<u>718,149</u>	<u>2,199,977</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	(11,182,760)		(11,091,567)	
<b>NET CURRENT LIABILITIES</b>			<u>(10,464,611)</u>		<u>(8,891,590)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,865,432</u>		<u>7,387,983</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13		(2,899,489)		(3,165,417)
<b>NET ASSETS</b>			<u>1,965,943</u>		<u>4,222,566</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		2		2
Revaluation reserve	15		5,559,013		5,677,821
Profit and loss account	15		(3,593,072)		(1,455,257)
<b>SHAREHOLDERS' FUNDS - All equity</b>	16		<u>1,965,943</u>		<u>4,222,566</u>

The 1998 comparative figure have been restated to take account of a prior year adjustment as detailed in note 22.

The financial statements were approved by the board on 15 October 1999 and signed on its behalf.

A B Hale  Directors  
J W Brandrick 

The notes on pages 7 to 15 form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 1999**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of land and buildings. They include the results of the company's operations which are described in the Directors' Report and all of which are continuing. The financial statements have been drawn up to comply in all material respects with applicable accounting standards.

The company has taken advantage of the exemptions provided by Financial Reporting Standard No. 1 and not prepared a cash flow statement for the period.

**1.2 Turnover**

Turnover is stated net of Value Added Tax and comprises gate receipts and other income arising from promotional activities all within the United Kingdom.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is calculated on a straight line basis and is calculated as follows:

Freehold land	-	Nil
Freehold stands and buildings	-	2% - 5%
Equipment and vehicles	-	10% - 25% as appropriate

**1.4 Leased assets**

Assets used by the company which have been funded through finance leases and hire purchase agreements are capitalised and the resulting lease obligations are included in creditors.

The costs of operating leases are written off to the profit and loss account as and when incurred.

**1.5 Stock in club shop**

Stock is valued at the lower of cost and net realisable value. The first in first out method of valuation is used.

**1.6 Deferred taxation**

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

**1.7 Grants**

Grants in respect of capital expenditure are treated as deferred income and credited to the profit and loss account over the expected useful life of the relevant assets. Grants relating to expenditure arising out of the provisions of the Safety of Sports Grounds Act 1975 are credited to the profit and loss account in the same period in which the expenditure is charged.

**1.8 Donations**

Donations received towards major capital projects are included as other reserves and amortised

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 1999

over the estimated useful life of the related assets.

**1.9 Players' contracts**

Players' contracts are included in the balance sheet at cost of registration less amortisation charged over the period of the contract with appropriate adjustment for any permanent diminution in value. As explained in note 22 this treatment now complies with Financial Reporting Standard No. 10 - Goodwill and Intangible Assets.

**1.10 Signing on fees**

Signing on fees are charged to the profit and loss account in the accounting period in which they are payable.

**1.11 Capitalisation of interest**

Interest incurred on borrowings to finance specific stadium development is capitalised.

**2. TURNOVER**

An analysis of turnover by class of business is given below:

	1999	1998
	£	£
Gate Receipts	2,988,347	3,683,838
Commercial and other income	3,506,624	3,478,445
	<u>6,494,971</u>	<u>7,162,283</u>

All turnover arose within the United Kingdom.

**3. OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging

	1999	1998
	£	£
Depreciation of tangible fixed assets		
- owned by the company	316,811	284,805
Auditors' remuneration - audit fees	8,600	8,500
Operating lease rentals		
- hire of plant & machinery	94,025	59,720
- land and buildings	96,042	55,767
Staff costs	<u>4,509,189</u>	<u>4,043,316</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 1999

**4. STAFF COSTS**

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

	1999	1998
	£	£
Wages and salaries	4,082,170	3,669,055
Social security costs	393,864	348,832
Other pension costs	33,155	25,429
	<u>4,509,189</u>	<u>4,043,316</u>

Pension costs represent contributions paid into the personal pension schemes of certain full time members of staff.

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

	1999	1998
Players, managers and coaches	39	35
Apprentices	20	20
Administration and commercial	47	32
Ground staff	7	8
	<u>113</u>	<u>95</u>

In addition to the above the Company employ a number of part-time staff on match days.

**5. DIRECTORS' REMUNERATION**

	1999	1998
	£	£
Emoluments for services as directors	87,908	88,296
Pension Scheme contributions for one director	5,032	2,250
	<u>92,940</u>	<u>90,546</u>

**6. INTEREST RECEIVABLE**

	1999	1998
	£	£
Other interest receivable	<u>5,925</u>	<u>58,491</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

7. INTEREST PAYABLE

	1999	1998
	£	£
On bank loans and overdrafts	81,486	92,886
On other loans and finance leases	61,218	-
	<u>142,704</u>	<u>92,886</u>

8. INTANGIBLE FIXED ASSETS

	Players' Contracts £
<b>Cost</b>	
At 1 July 1998 as restated	5,895,536
Additions	1,059,878
Disposals	(538,000)
At 30 June 1999	<u>6,417,414</u>
<b>Amortisation</b>	
At 1 July 1998 as restated	2,509,000
Charge for year	1,797,000
On disposals	(383,000)
At 30 June 1999	<u>3,923,000</u>
<b>Net Book Value</b>	
At 30 June 1999	<u>2,494,414</u>
<i>At 30 June 1998 as restated</i>	<u>3,386,536</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Equipment £	Total £
<b>Cost or valuation</b>			
At 1 July 1998	12,946,465	942,234	13,888,699
Additions	51,854	235,079	286,933
Disposals	-	(76,461)	(76,461)
Revaluation adjustment	(27,530)	-	(27,530)
At 30 June 1999	<u>12,970,789</u>	<u>1,100,852</u>	<u>14,071,641</u>
<b>Depreciation</b>			
At 1 July 1998	554,082	441,580	995,662
Charge for year	233,649	83,162	316,811
On disposals	-	(76,461)	(76,461)
At 30 June 1999	<u>787,731</u>	<u>448,281</u>	<u>1,236,012</u>
<b>Net Book Value</b>			
At 30 June 1999	<u>12,183,058</u>	<u>652,571</u>	<u>12,835,629</u>
 <i>At 30 June 1998</i>	 <u>12,392,383</u>	 <u>500,654</u>	 <u>12,893,037</u>

The Hawthorns Stadium is valued at depreciated replacement cost and the Tom Silk Building is 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 whilst the land and buildings were owned by West Bromwich Albion plc and additions since that date have been included at cost.

The cost of freehold land and buildings included at a valuation is £8,260,871 (1998: £8,209,017).

On a historical cost basis the net book value of the revalued land and buildings would be £6,849,743 (1998: £6,946,477)

The gross amount of depreciable assets totals £12,714,392.

The net book value of tangible fixed assets includes £270,184 (1998: £277,492) in respect of assets held under hire purchase contracts and finance leases. Depreciation charged in respect of these assets was £7,308 (1998: £12,008).

10. STOCKS

	1999 £	1998 As restated £
Raw materials	<u>£ 159,740</u>	<u>£ 209,325</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

11. DEBTORS

	1999	1998 <i>As restated</i>
	£	£
<b>Due within one year</b>		
Trade debtors	381,519	904,368
Amounts owed by group undertakings	47,306	53,447
Other debtors	42,019	41,269
Prepayments and accrued income	83,823	68,926
	<u>554,667</u>	<u>1,068,010</u>

12. CREDITORS:  
Amounts falling due within one year

	1999	1998 <i>As restated</i>
	£	£
Bank loans and overdrafts	1,890,925	109,505
Trade creditors	348,249	1,069,510
Deferred grants	51,552	61,461
Amounts owed to group undertakings	7,335,677	7,373,161
Social security and other taxes	250,175	368,752
Other creditors	1,241,490	2,060,002
Accruals and deferred income	64,692	49,176
	<u>11,182,760</u>	<u>11,091,567</u>

13. CREDITORS:  
Amounts falling due after more than one year

	1999	1998 <i>As restated</i>
	£	£
Bank loans and overdrafts	484,195	590,891
Deferred grants	1,817,274	1,843,691
Other creditors	598,020	730,835
	<u>2,899,489</u>	<u>3,165,417</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 1999

Included within the above are amounts falling due as follows:

<b>In 1 - 2 years:</b>	<b>£</b>	<b>£</b>
Finance lease and hire purchase obligations	<u>45,791</u>	<u>41,160</u>
<b>In 2- 5 years:</b>	<b>£</b>	<b>£</b>
Loan Instalments	379,280	378,525
Finance lease and hire purchase obligations	<u>117,667</u>	<u>163,458</u>
<b>In more than 5 years:</b>	<b>£</b>	<b>£</b>
Loan Instalments	<u>212,915</u>	<u>212,366</u>

The bank overdraft is secured by a charge over the freehold property and a fixed and floating charge over the other assets.

**14. CALLED UP SHARE CAPITAL**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**15. RESERVES**

	<b>£</b>
<b>Revaluation Reserve</b>	
At 1 July 1998	5,677,821
Revaluation Adjustment	(27,530)
Transfer to Profit and Loss account	(91,278)
	<u>5,559,013</u>
	<b>£</b>
<b>Profit and Loss Account</b>	
At 1 July 1998 as previously reported	497,743
Prior year adjustment	(1,953,000)
Restated balance at 1 July 1998	(1,455,257)
Loss for year	(2,229,093)
Transfer from revaluation reserve	91,278
	<u>(3,593,072)</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 1999

**16. SHAREHOLDERS' FUNDS**

**Reconciliation of movements on shareholders' funds**

	£
Opening shareholders' funds as previously stated	6,850,566
Prior year adjustment	(2,628,000)
Opening shareholders' funds as restated	4,222,566
Loss for the year	(2,229,093)
Other recognised gains and losses during year	(27,530)
Closing shareholders' funds	<u>1,965,943</u>

**17. CONTINGENT LIABILITIES**

The terms of certain contracts with other football clubs in respect of the purchase of players' registrations include the payment of amounts upon fulfilment of specific conditions in the future. Similar terms exist in contracts for sale of players' registrations but the directors consider that the likely future effect on the accounts is immaterial.

**18. CAPITAL COMMITMENTS**

At 30 June 1999 the company had capital commitments as follows:

	1999	1998 <i>As restated</i>
	£	£
Contracted for but not provided in these accounts	<u>40,000</u>	<u>151,000</u>

**19. OTHER COMMITMENTS**

At 30 June 1999 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	1999	1998	1999	1998
	£	£	£	£
<b>Expiry date:</b>				
Within 1 year	44,000	-	16,878	-
Between 2 and 5 years	60,000	59,824	81,937	61,110

**20. TRANSACTIONS WITH DIRECTORS**

During the year transactions took place between the company and certain directors in relation to match tickets, advertising boards and an executive box. These transactions were on normal commercial terms and were not significant to any of the parties.

**21. POST BALANCE SHEET EVENTS**

Since 30 June 1999 fees totalling £440,000 have been contracted for by the company in respect of the acquisition of players.

Since 30 June 1999 sales of players' registrations have taken place totalling £250,000.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 1999**

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**22 PRIOR YEAR ADJUSTMENTS**

Financial Reporting Standard No. 10: Goodwill and intangible assets, published by the Accounting Standards Board on 4th December, 1997 requires the Company to change its accounting policy in respect of players' registrations. The Company has adopted a policy of amortising the cost of acquired player registrations over the period of players contracts with appropriate adjustments for any permanent diminution in value assessed to have taken place.

Comparative figures have been restated to reflect this treatment resulting in a prior year charge of £2,628,000 against reserves of which £675,000 was the brought forward balance on the Players' valuation reserve.

**23. PARENT COMPANY**

The company's ultimate parent company is West Bromwich Albion plc, a company registered in England and Wales. Copies of the group consolidated accounts are available to the public at the Tom Silk Buildings, Halfords Lane, West Bromwich, West Midlands.