
WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2001**



*Clement
Keys*

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

COMPANY INFORMATION

DIRECTORS	P Thompson J W Brandrick R E McGing J D Wile C M Stapleton B Hurst
SECRETARY	John J Evans
COMPANY NUMBER	3295063
REGISTERED OFFICE	The Tom Silk Building Halfords Lane West Bromwich West Midlands B71 4BR
AUDITORS	Clement Keys Chartered Accountants & Registered Auditors Nettleton House Calthorpe Road Edgbaston Birmingham B15 1RL

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Note of historical cost profits and losses	5
Balance sheet	6
Notes to the financial statements	7 - 15
	16 - 18

DIRECTORS' REPORT
For the year ended 30 June 2001

The directors present their report and the financial statements for the year ended 30 June 2001.

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.

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.

RESULTS

The profit for the year, after taxation, amounted to £1,714,553 (2000 - £768,306) .

DIRECTORS

The directors who served during the year were:

P Thompson
J W Brandrick
R E McGing
J D Wile
C M Stapleton
B Hurst

All the directors at 30 June 2001, other than R E McGing, are directors of West Bromwich Albion Plc, the ultimate parent undertaking, and their interests are shown in the Directors' Report of that company

EVENTS SINCE THE END OF THE YEAR

On 9 August 2001 the club transferred the registration of one of its players, Lee Hughes, for £5,000,001.

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

Whilst the Company does not follow any specified code or standard of payment practice we do endeavour to ensure all payments are made within mutually agreed credit terms. Trade creditors at 30 June 2001 represent 41 days (2000: 29 days) of trade purchases.

DIRECTORS' REPORT
For the year ended 30 June 2001

AUDITORS

A resolution to re-appoint Clement Keys, as Auditors of the Company will be proposed at the Annual General Meeting.

This report was approved by the board on 21 August 2001 and signed on its behalf.

John J Evans
Secretary

A handwritten signature in black ink, appearing to read 'John J Evans', is written over the printed name and title.

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

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7 to 8.

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.

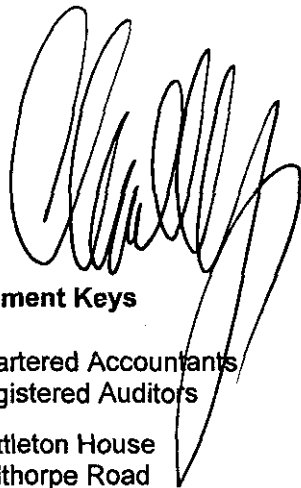
BASIS OF OPINION

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Clement Keys

Chartered Accountants
Registered Auditors

Nettleton House
Calthorpe Road
Edgbaston
Birmingham
B15 1RL

21 August 2001

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2001

	Note	2001 £	2000 £
TURNOVER	1, 2	8,224,772	6,568,474
Cost of sales		<u>(583,165)</u>	<u>(544,935)</u>
GROSS PROFIT		7,641,607	6,023,539
Administrative expenses		<u>(7,749,233)</u>	<u>(8,327,976)</u>
OPERATING LOSS	3	(107,626)	(2,304,437)
Write off of players' contracts	8	(2,182,272)	(1,340,715)
Profit on disposal of players' contracts		4,133,000	4,558,655
Interest receivable	6	27,968	5,861
Interest payable	7	<u>(156,517)</u>	<u>(151,058)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,714,553	768,306
TAX ON PROFIT ON ORDINARY ACTIVITIES		<u>-</u>	<u>-</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>£ 1,714,553</u>	<u>£ 768,306</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2001 or 2000 other than those included in the profit and loss account.

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

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the year ended 30 June 2001

	2001 £	2000 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,714,553	768,306
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	91,238	91,238
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£ 1,805,791	£ 859,544
HISTORICAL PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS	£ 1,805,791	£ 859,544

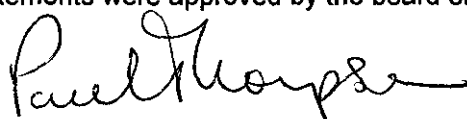
WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

BALANCE SHEET
As at 30 June 2001

	Note	£	2001 £	£	2000 £
FIXED ASSETS					
Intangible fixed assets	8		4,316,807		1,258,554
Tangible fixed assets	9		16,087,023		12,622,001
			<u>20,403,830</u>		<u>13,880,555</u>
CURRENT ASSETS					
Stocks	10	169,570		184,118	
Debtors	11	3,067,021		2,211,188	
Cash at bank and in hand		1,728,087		372,355	
		<u>4,964,678</u>		<u>2,767,661</u>	
CREDITORS: amounts falling due within one year	12	(15,147,440)		(11,265,217)	
NET CURRENT LIABILITIES			(10,182,762)		(8,497,556)
TOTAL ASSETS LESS CURRENT LIABILITIES			10,221,068		5,382,999
CREDITORS: amounts falling due after more than one year	13		(5,772,266)		(2,648,750)
NET ASSETS			<u>£ 4,448,802</u>		<u>£ 2,734,249</u>
CAPITAL AND RESERVES					
Called up share capital	14		2		2
Revaluation reserve	15		5,376,537		5,467,775
Profit and loss account	15		(927,737)		(2,733,528)
SHAREHOLDERS' FUNDS - All Equity	16		<u>£ 4,448,802</u>		<u>£ 2,734,249</u>

The financial statements were approved by the board on 21 August 2001 and signed on its behalf.

P Thompson
Director



J D Wile
Director



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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2001

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and include the results of the company's operations which are described in the Directors' Report. 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 comprises gate receipts and other income arising from the company's activities. All turnover arises within the United Kingdom and excludes value added tax.

1.3 Intangible fixed assets

Intangible fixed assets comprises players' contracts. Players' contracts are included in the balance sheet at cost of registration less amortisation which is charged over the length of the contract with appropriate adjustment for any permanent diminution in value.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	Nil
Freehold stands and buildings	-	2% straight line
Equipment	-	5%-25% straight line

1.5 Revaluation of tangible fixed assets

As permitted by the transitional provisions of Financial Reporting Standard 15 Tangible Fixed Assets the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued at 31 January 1996 and will not update that valuation.

1.6 Leasing and hire purchase

Assets acquired under finance leases and hire purchase agreements are capitalised and depreciated on the same basis as assets which are owned. The resulting lease obligations Depreciation on such assets and the interest element of the leasing payments are charged to the profit and loss account. Rentals paid under operating leases are charged to the profit and loss account on an accruals basis.

1.7 Stocks in club shops

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

1.8 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. No deferred tax provision is considered necessary for the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2001

1.9 Grants

Grants in respect of capital expenditure are treated as deferred income and credited to the profit and loss account over the expected useful lives of the related 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.

1.10 Capitalisation of interest

Following the introduction of Financial Reporting Standard 15, the company does not capitalise interest incurred on borrowings to finance capital developments. Interest incurred on borrowings to finance specific stadium developments was capitalised in earlier periods. The effect of this change in policy is that interest in the year totalling £100,712 (2000 £Nil) which would previously have been capitalised has been charged to the profit and loss account.

2. TURNOVER

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

	2000 £	2000 £
Gate receipts	3,214,866	3,104,046
Commercial and other income	5,009,906	3,464,428
	<u>£ 8,224,772</u>	<u>£ 6,568,474</u>

All turnover arose within the United Kingdom.

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2001 £	2000 £
Depreciation of tangible fixed assets:		
- owned by the company	419,166	331,907
- held under finance leases	7,308	7,308
Auditors' remuneration	9,755	8,840
Auditors' remuneration - non-audit	6,725	3,425
Operating lease rentals:		
- plant and machinery	86,730	117,381
- land and buildings	96,979	104,750
Release of grant	(53,475)	(53,026)
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2001

4. STAFF COSTS

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

	2001 £	2000 £
Wages and salaries	4,889,921	5,659,482
Social security costs	575,924	508,919
Pension costs	105,518	37,707
	<u>£ 5,571,363</u>	<u>£ 6,206,108</u>

Pension costs represent contributions paid into the personal pension schemes of certain full time members of staff, together with an additional charge of £77,757 resulting from a deficit in the Football League pension scheme in respect of former employees.

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

	2001	2000
Players and coaching staff	40	38
Apprentices	17	19
Administration and commercial	43	45
Ground staff	8	8
	<u>108</u>	<u>110</u>

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

5. DIRECTORS' REMUNERATION

	2001 £	2000 £
Emoluments	<u>£ 125,031</u>	<u>£ 110,235</u>
Pension scheme contributions for one director	<u>£ 5,000</u>	<u>£ 4,104</u>

6. INTEREST RECEIVABLE

	2001 £	2000 £
Other interest receivable	<u>£ 27,968</u>	<u>£ 5,861</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2001

7. INTEREST PAYABLE

	2001 £	2000 £
On bank loans and overdrafts	145,110	128,555
On other loans	11,407	22,503
	<u>£ 156,517</u>	<u>£ 151,058</u>

8. INTANGIBLE FIXED ASSETS

	Players' Contracts £
Cost	
At 1 July 2000	4,253,163
Additions	5,440,525
Disposals	(1,862,677)
At 30 June 2001	<u>7,831,011</u>
Amortisation	
At 1 July 2000	2,994,609
Charge for the year	2,182,272
On disposals	(1,662,677)
At 30 June 2001	<u>3,514,204</u>
Net book value	
At 30 June 2001	<u>£ 4,316,807</u>
At 30 June 2000	<u>£ 1,258,554</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2001

9. TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Equipment £	Total £
Cost or valuation			
At 1 July 2000	12,970,789	1,226,439	14,197,228
Additions	3,867,574	23,922	3,891,496
Disposals	(316,429)	(25,617)	(342,046)
At 30 June 2001	<u>16,521,934</u>	<u>1,224,744</u>	<u>17,746,678</u>
Depreciation			
At 1 July 2000	1,021,599	553,628	1,575,227
Charge for the year	318,772	107,702	426,474
On disposals	(316,429)	(25,617)	(342,046)
At 30 June 2001	<u>1,023,942</u>	<u>635,713</u>	<u>1,659,655</u>
Net book value			
At 30 June 2001	<u>£15,497,992</u>	<u>£ 589,031</u>	<u>£16,087,023</u>
At 30 June 2000	<u>£11,949,190</u>	<u>£ 672,811</u>	<u>£12,622,001</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 and additions since that date are stated at cost.

The cost of freehold land and buildings included at a valuation is £11,687,768 (2000-£8,136,623). On a historical cost basis the net book value of the revalued land and buildings would be £10,935,273 (2000-£6,701,449).

Interest capitalised and included in freehold land and buildings amounts to £42,498 (2000-£42,498).

Freehold land and buildings includes freehold land of £1,277,500 at cost or valuation. All fixed assets other than land are depreciated. Included in freehold land and buildings are assets under construction totalling £3,867,574. No depreciation has been charged on these assets in the year.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2001 £	2000 £
Equipment	<u>£ 255,368</u>	<u>£ 262,876</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2001

10. STOCKS

	2001 £	2000 £
Goods for resale	<u>169,570</u>	<u>184,118</u>

11. DEBTORS

	2001 £	2000 £
Due within one year		
Trade debtors	1,834,121	2,089,747
Amounts owed by group undertakings	1,107,432	64,140
Other debtors	110,748	43,066
Prepayments and accrued income	14,720	14,235
	<u>£ 3,067,021</u>	<u>£ 2,211,188</u>

12. CREDITORS:

Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	513,696	89,130
Net obligations under finance leases and hire purchase contracts	56,675	50,934
Trade creditors	1,610,602	721,414
Deferred grants	50,296	53,315
Amounts owed to group undertakings	10,565,904	7,297,789
Social security and other taxes	169,894	510,472
Other creditors	1,708,704	1,693,602
Accruals	471,669	848,561
	<u>£15,147,440</u>	<u>£11,265,217</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2001

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

	2001 £	2000 £
Bank loans	3,683,799	397,505
Net obligations under finance leases and hire purchase contracts	10,048	66,723
Deferred grants	1,735,376	1,784,882
Other creditors	343,043	399,640
	<u>£ 5,772,266</u>	<u>£ 2,648,750</u>

Included within the above are amounts falling due as follows:

	2001 £	2000 £
In one to two years		
Bank loans	605,620	97,030
Finance lease and hire purchase obligations	<u>10,048</u>	<u>56,675</u>
In two to five years		
Bank loans	1,694,845	300,475
Finance lease and hire purchase obligations	<u>-</u>	<u>10,048</u>
Over five years		
Bank loans	<u>1,383,334</u>	<u>-</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2001 £	2000 £
Repayable by instalments	<u>£ 1,383,334</u>	<u>£ -</u>

The bank loans are repayable by instalments over ten years at between 2%-2.5% over LIBOR.

The bank loans and overdraft are secured by charges over some of the freehold property of the company and a fixed and floating charge over some of the other company assets.

14. SHARE CAPITAL

	2001 £	2000 £
Authorised		
1,000 Ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>£ 2</u>	<u>£ 2</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2001

15. RESERVES

Revaluation reserve	£
At 1 July 2000	5,467,775
Transfer to profit and loss account	(91,238)
	<u>£ 5,376,537</u>
Profit and loss account	£
At 1 July 2000	(2,733,528)
Profit retained for the year	1,714,553
Transfer from revaluation reserve	91,238
	<u>£ (927,737)</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the year	1,714,553	768,306
	<u>1,714,553</u>	<u>768,306</u>
Opening shareholders' funds	2,734,249	1,965,943
Closing shareholders' funds	<u>£ 4,448,802</u>	<u>£ 2,734,249</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 certain amounts upon fulfilment of specific conditions in the future. Similar terms exist in contracts for the sale of players' registrations but the directors consider that the likely future effect on the accounts is not significant.

The company is party to an unlimited interlocking guarantee to secure balances due to bankers by the other group companies.

18. CAPITAL COMMITMENTS

At 30 June 2001 the company had capital commitments as follows:

	2001 £	2000 £
Contracted for but not provided in these financial statements	<u>£ 2,233,000</u>	<u>£ -</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2001

19. OPERATING LEASE COMMITMENTS

At 30 June 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2001	2000	2001	2000
	£	£	£	£
Expiry date:				
Within 1 year	-	-	22,394	85,752
Between 2 and 5 years	10,000	60,000	50,248	14,668
	<u>10,000</u>	<u>60,000</u>	<u>50,248</u>	<u>14,668</u>

20. TRANSACTIONS WITH DIRECTORS

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

21. POST BALANCE SHEET EVENTS

On 9 August 2001 the club transferred the registration of one of its players, Lee Hughes, for £5,000,001.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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 from The Tom Silk Building, Halfords Lane, West Bromwich, West Midlands.