



**WOLVERHAMPTON WANDERERS FC  
(1986) LIMITED**

**Report and Financial Statements**

**31 May 1997**

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



**REPORT AND FINANCIAL STATEMENTS 1997**

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**REPORT AND FINANCIAL STATEMENTS 1997**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Sir Jack Hayward OBE (Chairman)  
J M Hayward  
R A Hayward  
J A Harris  
J A Harris Jnr  
R Heyhoe Flint MBE DL  
J P Richards

**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.

### **PRINCIPAL ACTIVITY**

The principal activity of the company throughout the year was that of a professional football club.

### **REVIEW OF DEVELOPMENTS**

The football club continues to strive towards attaining Premiership status.

### **BUSINESS REVIEW**

The company's balance sheet as detailed on page 7 shows a deficiency of shareholders' funds amounting to £23,045,623.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The results for the year are shown in the profit and loss account on page 6.

The directors do not propose payment of an ordinary dividend, the loss for the year is to be absorbed by reserves.

### **DIRECTORS AND THEIR INTERESTS**

The directors of the company during the year and their interests in the shares of the company as recorded in the registrar of director's interests were as follows:

|  | <b>Ordinary shares of £1 each</b> |                                   |
|--|-----------------------------------|-----------------------------------|
|  | <b>1997</b>                       | <b>1996</b>                       |
|  |                                   | <b>or date of<br/>appointment</b> |
| Sir Jack Hayward OBE (Chairman) (appointed 9 September 1997) | -                                 | -                                 |
| J M Hayward  | -                                 | -                                 |
| R A Hayward (appointed 9 September 1997)                     | -                                 | -                                 |
| M J Blackburn (resigned 22 May 1997)                         | -                                 | -                                 |
| J N Stones (resigned 15 September 1997)                      | -                                 | -                                 |
| J A Harris   | -                                 | -                                 |
| J A Harris Jnr   | -                                 | -                                 |
| R Heyhoe Flint MBE DL (appointed 9 September 1997)           | -                                 | -                                 |
| J P Richards   | -                                 | -                                 |

Sir Jack Hayward OBE, R Hayward and R Heyhoe Flint MBE DL, having been appointed since the year end will seek confirmation of their appointment at the forthcoming AGM.

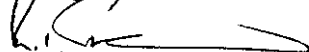
No director held or holds any interest in shares in the company, in the parent company or in any fellow subsidiary.

## **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 as at the end of the financial year 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
- 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. 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.



## Chartered Accountants

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

Telephone: National 0121 200 2211  
International + 44 121 200 2211  
Fax (Gp. 3): 0121 695 5311

## AUDITORS' REPORT TO THE MEMBERS OF

### WOLVERHAMPTON WANDERERS FC (1986) LIMITED

We have audited the financial statements on pages 6 to 13 which have been prepared under the accounting policies set out on page 8.

#### 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 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 at 31 May 1997 and of its loss 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



**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 May 1997**

|   | Note | 1997<br>£                 | 1996<br>£                 |
|---|------|---------------------------|---------------------------|
| <b>TURNOVER</b>   | 1    | 11,436,390                | 10,450,146                |
| Operating expenses  |      | <u>(13,728,380)</u>       | <u>(14,130,901)</u>       |
| <b>OPERATING LOSS BEING LOSS ON<br/>ORDINARY ACTIVITIES BEFORE<br/>INTEREST</b> | 3    | (2,291,990)               | (3,680,755)               |
| Interest receivable   |      | 172                       | 76                        |
| Interest payable  | 4    | <u>(422,466)</u>          | <u>(298,140)</u>          |
| <b>LOSS BEFORE TRANSFER FEES</b>  |      | (2,714,284)               | (3,978,819)               |
| Net transfer fees payable   |      | <u>(3,528,806)</u>        | <u>(3,156,578)</u>        |
| <b>LOSS ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b>                          |      | (6,243,090)               | (7,135,397)               |
| Taxation  | 5    | <u>-</u>                  | <u>-</u>                  |
| <b>LOSS ON ORDINARY ACTIVITIES<br/>AFTER TAXATION RETAINED<br/>FOR THE YEAR</b> | 14   | <u><u>(6,243,090)</u></u> | <u><u>(7,135,397)</u></u> |

All activities derive from continuing operations.

There are no recognised gains and losses other than the loss for the financial year. Accordingly, no statement of total recognised gains and losses is given.



**BALANCE SHEET**  
**Year ended 31 May 1997**

|  | Note | £                   | 1997<br>£           | £                   | 1996<br>£           |
|--|------|---------------------|---------------------|---------------------|---------------------|
| <b>FIXED ASSETS</b>  |      |                     |                     |                     |                     |
| Tangible assets  | 6    |                     | 1,435,668           |                     | 1,601,655           |
| Investments  | 7    |                     | <u>1,050</u>        |                     | <u>-</u>            |
| <b>CURRENT ASSETS</b>  |      |                     |                     |                     |                     |
| Stocks   | 8    | 451,371             |                     | 127,262             |                     |
| Debtors  | 9    | 494,158             |                     | 657,959             |                     |
| Cash at bank and in hand                                       |      | <u>28,302</u>       |                     | <u>27,713</u>       |                     |
|  |      | 973,831             |                     | 812,934             |                     |
| <b>CREDITORS: amounts falling due within one year</b>          | 10   | <u>(10,283,701)</u> |                     | <u>(12,550,650)</u> |                     |
| <b>NET CURRENT LIABILITIES</b>                                 |      |                     | <u>(9,309,870)</u>  |                     | <u>(11,737,716)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                     | <u>(7,873,152)</u>  |                     | <u>(10,136,061)</u> |
| <b>CREDITORS: amounts falling due after more than one year</b> | 11   |                     | <u>(15,172,471)</u> |                     | <u>(6,666,472)</u>  |
|  |      |                     | <u>(23,045,623)</u> |                     | <u>(16,802,533)</u> |
| <b>CAPITAL AND DEFICIENCY</b>                                  |      |                     |                     |                     |                     |
| Called up share capital  | 13   |                     | 3,000,000           |                     | 3,000,000           |
| Profit and loss account  | 14   |                     | <u>(26,045,623)</u> |                     | <u>(19,802,533)</u> |
| <b>EQUITY SHAREHOLDERS' DEFICIENCY</b>                         | 15   |                     | <u>(23,045,623)</u> |                     | <u>(16,802,533)</u> |

These financial statements were approved by the Board of Directors on .

Signed on behalf of the Board of Directors

*Jack A. Hayward*

*SIR JACK HAYWARD*

*DIRECTOR*

*MARCH 9. 1998.*

**NOTES TO THE ACCOUNTS**

**Year ended 31 May 1997**

**1. ACCOUNTING POLICIES**

The financial statements are 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.

**Going concern**

The directors continue to adopt the going concern basis in preparing the financial statements as, after making appropriate enquiries and with the continued support of group companies referred to in note 11, 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.

**Depreciation**

Depreciation is calculated on a straight line basis to write down the cost of tangible fixed assets to their estimated residual value over their anticipated useful lives at the following annual rates:

|                       |        |
|-----------------------|--------|
| Plant and equipment   | 10.0%  |
| Safety expenditure    | 100.0% |
| Motor vehicles        | 20.0%  |
| Fixtures and fittings | 12.5%  |

**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**

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

|  | <b>1997</b>       | <b>1996</b>       |
|--|-------------------|-------------------|
|  | <b>£</b>          | <b>£</b>          |
| <b>Directors' emoluments</b>                             |                   |                   |
| Other emoluments   | -                 | -                 |
|  | <u>          </u> | <u>          </u> |
| <b>Average number of persons employed</b>                |                   | <b>No</b>         |
| Administration staff                                     | 129               | 101               |
| Playing staff  | 49                | 53                |
|  | <u>          </u> | <u>          </u> |
|  | <u>178</u>        | <u>154</u>        |
|  | <b>£</b>          | <b>£</b>          |
| <b>Staff costs during the year (including directors)</b> |                   |                   |
| Wages and salaries                                       | 6,506,446         | 5,667,289         |
| Social security costs                                    | 608,592           | 504,639           |
| Pension costs  | 76,243            | 17,139            |
|  | <u>          </u> | <u>          </u> |
|  | <u>7,191,281</u>  | <u>6,189,067</u>  |

**3. OPERATING LOSS**

|   | <b>1997</b>       | <b>1996</b>       |
|---|-------------------|-------------------|
|   | <b>£</b>          | <b>£</b>          |
| <b>Operating loss is stated after charging/(crediting):</b> |                   |                   |
| Compensation for change in management                       | -                 | 1,080,500         |
| Auditors' remuneration                                      |                   |                   |
| Audit fees  | 22,000            | 18,000            |
| Non-audit fees  | 44,175            | 16,500            |
| Operating leases  |                   |                   |
| Hire of plant and machinery                                 | 22,195            | 4,324             |
| Hire of assets other than plant and machinery               | 90,484            | 67,994            |
| Loss on sale of assets                                      | -                 | 281               |
| Depreciation of tangible fixed assets                       | 275,534           | 261,266           |
| Amortisation of grant income                                | (7,970)           | (7,970)           |
|   | <u>          </u> | <u>          </u> |

**4. INTEREST PAYABLE**

|               | <b>1997</b>    | <b>1996</b>    |
|---------------|----------------|----------------|
|               | <b>£</b>       | <b>£</b>       |
| Bank interest | <u>422,466</u> | <u>298,140</u> |

**NOTES TO THE ACCOUNTS**

**Year ended 31 May 1997**

**5. TAXATION**

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

**6. TANGIBLE FIXED ASSETS**

|                                 | Motor<br>vehicles<br>£ | Safety<br>expenditure | Fixtures<br>and<br>fittings<br>£ | Plant and<br>equipment<br>£ | Total<br>£ |
|---------------------------------|------------------------|-----------------------|----------------------------------|-----------------------------|------------|
| <b>Cost</b>                     |                        |                       |                                  |                             |            |
| At 1 June 1996                  | 45,200                 | 25,089                | 1,424,774                        | 967,263                     | 2,462,326  |
| Additions                       | 995                    | -                     | 89,207                           | 19,345                      | 109,547    |
| At 31 May 1997                  | 46,195                 | 25,089                | 1,513,981                        | 986,608                     | 2,571,873  |
| <b>Accumulated depreciation</b> |                        |                       |                                  |                             |            |
| At 1 June 1996                  | 18,773                 | 25,089                | 547,270                          | 269,539                     | 860,671    |
| Charge for the year             | 9,189                  | -                     | 183,170                          | 83,175                      | 275,534    |
| At 31 May 1997                  | 27,962                 | 25,089                | 730,440                          | 352,714                     | 1,136,205  |
| <b>Net book value</b>           |                        |                       |                                  |                             |            |
| At 31 May 1997                  | 18,233                 | -                     | 783,541                          | 633,894                     | 1,435,668  |
| At 1 June 1996                  | 26,427                 | -                     | 877,504                          | 697,724                     | 1,601,655  |

**7. INVESTMENTS HELD AS FIXED ASSETS**

|                                | Shares in<br>subsidiaries<br>£ |
|--------------------------------|--------------------------------|
| <b>Cost and net book value</b> |                                |
| At 1 June 1996                 | -                              |
| Additions                      | 1,050                          |
| At 31 May 1997                 | 1,050                          |

During the year the company acquired a 1% share in 'The Wolf', a new radio station that will be launched in the Wolverhampton area.

**8. STOCKS**

|                | 1996<br>£ | 1995<br>£ |
|----------------|-----------|-----------|
| Finished goods | 451,371   | 127,262   |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 May 1997**

**9. DEBTORS**

|                                     | 1997           | 1996           |
|-------------------------------------|----------------|----------------|
|                                     | £              | £              |
| Amounts falling due within one year |                |                |
| Trade debtors                       | 121,629        | 127,197        |
| Amounts owed by fellow subsidiary   | 10,055         | -              |
| Other debtors                       | 67,720         | 350,273        |
| Prepayments and accrued income      | 294,754        | 180,489        |
|                                     | <u>494,158</u> | <u>657,959</u> |

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|   | 1997              | 1996              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Bank overdraft  | 6,747,273         | 8,365,172         |
| Amounts due under finance lease obligations (note 12) | 24,865            | -                 |
| Trade creditors                                       | 963,484           | 676,551           |
| Amounts owed to fellow subsidiary                     | -                 | 1,192             |
| Other taxation and social security                    | 350,170           | 417,472           |
| Other creditors                                       | 1,325,448         | 2,409,860         |
| Accruals and deferred income                          | 864,491           | 672,433           |
| Deferred grant  | 7,970             | 7,970             |
|   | <u>10,283,701</u> | <u>12,550,650</u> |

The bank overdraft is repayable on demand.

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|   | 1997              | 1996             |
|---|-------------------|------------------|
|   | £                 | £                |
| Group undertakings                                    | 15,022,384        | 6,623,650        |
| Amounts due under finance lease obligations (note 12) | 115,235           | -                |
| Deferred grant  | 34,852            | 42,822           |
|   | <u>15,172,471</u> | <u>6,666,472</u> |

The amounts owed to group undertakings are interest free and repayable on demand, subject to a reservation of the right to interest at the lenders discretion. However, the directors have confirmed the support of the group companies and therefore the loans are to be treated as long term liabilities.

**NOTES TO THE ACCOUNTS**

**Year ended 31 May 1997**

**12. BORROWINGS**

|                                      | 1997             | 1996             |
|--------------------------------------|------------------|------------------|
|                                      | £                | £                |
| Bank overdraft - due within one year | 6,747,273        | 8,365,172        |
| 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> | <u>8,365,172</u> |

**13. CALLED UP SHARE CAPITAL**

|  | 1997             | 1996             |
|--|------------------|------------------|
|  | £                | £                |
| Authorised, allotted, called up and fully paid<br>3,000,000 ordinary shares of £1 each | <u>3,000,000</u> | <u>3,000,000</u> |

**14. PROFIT AND LOSS ACCOUNT**

|                            | £                   |
|----------------------------|---------------------|
| At 1 June 1996             | (19,802,533)        |
| Retained loss for the year | <u>(6,243,090)</u>  |
| At 31 May 1997             | <u>(26,045,623)</u> |

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIENCY**

|                                  | 1997                | 1996                |
|----------------------------------|---------------------|---------------------|
|                                  | £                   | £                   |
| Loss for the financial year      | (6,243,090)         | (7,135,398)         |
| Opening shareholders' deficiency | <u>(16,802,533)</u> | <u>(9,667,135)</u>  |
| Closing shareholders' deficiency | <u>(23,045,623)</u> | <u>(16,802,533)</u> |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 May 1997**

**16. OPERATING LEASE COMMITMENTS**

At 31 May 1997, the company was committed to making the following payments during the next year in respect of operating leases:

|  | 1997<br>Other<br>£ | 1996<br>Other<br>£ |
|--|--------------------|--------------------|
| Leases which expire within two to five years | 117,223            | 107,475            |

**17. DIRECTORS' INTERESTS AND LOANS**

Mr J N Stones, a director of the company during the year, is a partner in the firm of Wiggin and Co., Solicitors. During the year Wiggin and Co. have issued invoices to the Club amounting to £100,363 (1996 - £66,325).

**18. CONTINGENT LIABILITIES**

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

Contingent appearance fees of £475,300.

Contracts have 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.

**19. PARENT UNDERTAKING**

The immediate parent undertaking is W. W. (1990) Limited a company registered in England and Wales. Copies of these financial statements are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. The ultimate parent company is regarded as being Wend Investments Limited, a company incorporated in the Bahamas.

**20. RELATED PARTY TRANSACTIONS**

In accordance with Financial Reporting Standard 8, the company has not disclosed transactions with its parent company or related subsidiaries as the company's results are consolidated into the financial statements of the group which are publicly available.