

W. W. (1990) LIMITED

Report and Financial Statements

31 May 2005



REPORT AND FINANCIAL STATEMENTS 2005

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Consolidated profit and loss account	5
Statement of total recognised gains and losses	6
Note of historical cost profits	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Jack Hayward OBE
D J Harrington CBE
R A Hayward
J G Hemingway
P V S F Manduca
J D Moxey

SECRETARY

R I Skirrow

REGISTERED OFFICE

Molineux Stadium
Waterloo Road
Wolverhampton
WV1 4QR

MAIN BANKER

Barclays Bank PLC
Colmore Row
Birmingham

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 2005.

ACTIVITIES

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

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company remains the parent company of the wholly owned subsidiaries Wolverhampton Wanderers FC (1986) Limited and Wolverhampton Wanderers Properties Limited. The directors consider the group financial result for the year to be satisfactory but were very disappointed that the football club failed to regain its Premier League status. The directors are proud to report the successful completion of the Sir Jack Hayward Training Ground at Compton Park, built for a cost of £3.3 million. The directors still regard the group's future prospects as good. The aim remains to regain Premier League status as quickly as possible. Details of post year end player trading are set out in note 29 to the accounts.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend. The profit of the group for the year after taxation of £2,786,114 (2004 – profit of £5,179,233) has been transferred to reserves. It should be noted that the profit was helped by three significant items of non-recurring "Other operating income" (see note 4), the largest of which (£3.06 million) had no cash benefit in the year in question.

DIRECTORS AND THEIR INTERESTS

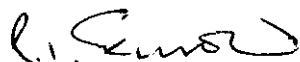
The directors who served during the year and subsequently are listed below. The directors held no beneficial or family interests in the shares of the company in either the current or prior financial year.

Sir Jack Hayward OBE
D J Harrington CBE
R A Hayward
J G Hemingway
P V S F Manduca
J D Moxey

AUDITORS

A resolution to reappoint Deloitte & Touche LLP as the company's auditor 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

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W. W. (1990) LIMITED

We have audited the financial statements of W. W. (1990) Limited for the year ended 31 May 2005 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net debt and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

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

Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the accounts concerning the uncertainty over the generation of net transfer income. In view of the significance of this uncertainty we consider it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 May 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

29 March 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 May 2005

	Note	Operations excluding player trading £	Player amortisation and trading £	2005 £	2004 £
TURNOVER		23,915,038	-	23,915,038	37,980,318
		23,915,038	-	23,915,038	37,980,318
Other operating income	4	5,139,833	-	5,139,833	311,498
Operating expenses	5	(21,104,226)	(4,985,001)	(26,089,227)	(33,163,004)
OPERATING PROFIT	6	7,950,645	(4,985,001)	2,965,644	5,128,812
Profit on disposal of players' registrations		-	21,637	21,637	218,361
PROFIT BEFORE INTEREST AND TAXATION		7,950,645	(4,963,364)	2,987,281	5,347,173
Interest receivable				32,416	16,531
Interest payable and similar charges	7			(233,583)	(184,471)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				2,786,114	5,179,233
Tax on profit on ordinary activities	8			-	-
PROFIT FOR THE FINANCIAL YEAR				2,786,114	5,179,233
Profit and loss account brought forward	20			(38,963,168)	(44,336,286)
Transferred from revaluation reserve	20			193,885	193,885
Profit and loss account carried forward	20			(35,983,169)	(38,963,168)

All the above results derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 May 2005

	2005 £	2004 £
Profit for the financial year	2,786,114	5,179,233
Surplus arising on revaluation of tangible fixed assets	<u>12,134,851</u>	<u>-</u>
Total recognised gains and losses in the year	<u><u>14,920,965</u></u>	<u><u>5,179,233</u></u>

NOTE OF HISTORICAL COST PROFITS

Year ended 31 May 2005

	2005 £	2004 £
Profit on ordinary activities before taxation	2,786,114	5,179,233
Difference between the historical cost depreciation charge and the actual depreciation charge for the year	<u>193,885</u>	<u>193,885</u>
Historical cost profit on ordinary activities before taxation being retained historical cost profit for the year	<u><u>2,979,999</u></u>	<u><u>5,373,118</u></u>

CONSOLIDATED BALANCE SHEET
31 May 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Intangible assets	9	7,707,945	8,968,337
Tangible assets	10	43,008,877	29,256,665
		<u>50,716,822</u>	<u>38,225,002</u>
CURRENT ASSETS			
Stocks	12	392,593	145,748
Debtors	13	2,199,500	2,706,128
		<u>2,592,093</u>	<u>2,851,876</u>
CREDITORS: amounts falling due within one year	14	<u>(6,394,904)</u>	<u>(8,119,054)</u>
NET CURRENT LIABILITIES		<u>(3,802,811)</u>	<u>(5,267,178)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		46,914,011	32,957,824
CREDITORS: amounts falling due after more than one year	15	<u>(3,660,046)</u>	<u>(1,387,458)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>-</u>	<u>(73,500)</u>
		43,253,965	31,496,866
DEFERRED INCOME	17	<u>(6,808,174)</u>	<u>(9,972,040)</u>
		<u>36,445,791</u>	<u>21,524,826</u>
CAPITAL AND RESERVES			
Called up share capital	19	48,000,000	48,000,000
Revaluation reserve	20	24,428,960	12,487,994
Profit and loss account - deficit	20	<u>(35,983,169)</u>	<u>(38,963,168)</u>
EQUITY SHAREHOLDERS' SURPLUS	21	<u>36,445,791</u>	<u>21,524,826</u>

These financial statements were approved by the Board of Directors on 28 March 2006.

Signed on behalf of the Board of Directors



J D Moxey

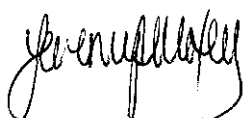
Director

COMPANY BALANCE SHEET
31 May 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Investments	11	<u>14,659,997</u>	<u>14,659,997</u>
CURRENT ASSETS			
Debtors	13	-	270
CREDITORS: amounts falling due within one year	14	<u>(8,210)</u>	<u>(309,060)</u>
NET CURRENT LIABILITIES		<u>(8,210)</u>	<u>(308,790)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,651,787	14,351,207
CREDITORS: amounts falling due after more than one year	15	<u>(655,615)</u>	<u>(655,615)</u>
		<u>13,996,172</u>	<u>13,695,592</u>
CAPITAL AND RESERVES			
Called up share capital	19	48,000,000	48,000,000
Profit and loss account - deficit	20	<u>(34,003,828)</u>	<u>(34,304,408)</u>
EQUITY SHAREHOLDERS' SURPLUS		<u>13,996,172</u>	<u>13,695,592</u>

These financial statements were approved by the Board of Directors on 28 March 2006.

Signed on behalf of the Board of Directors



J D Moxey

Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 May 2005

	Note	2005 £	2004 £
Net cash inflow from operating activities	22	5,770,946	9,129,539
Returns on investments and servicing of finance	23	(201,167)	(167,940)
Capital expenditure and financial investment	23	(6,701,212)	(7,068,066)
Cash (outflow) / inflow before use of liquid resources and financing		<u>(1,131,433)</u>	<u>1,893,533</u>
Financing	23	<u>1,743,035</u>	<u>125,502</u>
Increase in cash in the year		<u><u>611,602</u></u>	<u><u>2,019,035</u></u>

Reconciliation of net cash flow to movement in net debt		2005 £	2004 £
Increase in cash in the year		611,602	2,019,035
Cash inflow from change in debt and lease financing		<u>(1,743,035)</u>	<u>(125,502)</u>
Change in net debt resulting from cash flows		(1,131,433)	1,893,533
Capitalisation of loan payable to ultimate parent company		-	38,000,000
New finance leases		<u>(87,600)</u>	<u>(33,700)</u>
Movement in net debt		(1,219,033)	39,859,833
Net debt at 1 June 2004		<u>(3,055,771)</u>	<u>(42,915,604)</u>
Net debt at 31 May 2005	24	<u><u>(4,274,804)</u></u>	<u><u>(3,055,771)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2005

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation – going concern

The group meets its day to day working capital requirements from an overdraft facility which is repayable on demand.

The group's continuing aim is to achieve promotion back to the FA Premier League. However, if this does not happen at the end of the 2005/06 season, then there will be a significant reduction in income for the following financial year due to the group no longer being entitled to receive a 'parachute' payment from the FA Premier League.

The directors have prepared cash flow forecasts which include assumptions to address the lack of promotion and to ensure that the group's financial obligations are met as they fall due. These plans include a reduction in payroll and other operating costs, generating net transfer income and, if required, the securing of additional funding. There is uncertainty within the forecasts for the generation of net transfer income both in terms of timing and amount.

The directors believe that the forecast net transfer income can be generated and as such the directors are confident that the group can manage the possible reduction in income. Therefore the directors consider it appropriate for the financial statements to be prepared on a going concern basis.

The financial statements do not include any adjustments that would result if the going concern basis was no longer appropriate.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the stadium redevelopment and training facilities, and in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 May each year.

Turnover

Turnover represents match receipts and other income associated with the principal activity of running a professional football club and excludes value added tax. All turnover is derived from activities in the UK.

Deferred income

Revenues received in advance are credited to deferred income and released to the profit and loss account over the period to which they relate.

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.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2005

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation and tangible fixed assets

Depreciation of tangible fixed assets is calculated to write off their cost or valuation less any residual value on a straight line basis over their estimated useful lives at annual rates as follows:

Stadium development	2%
Training facilities	2%
Plant and equipment	10%
Motor vehicles	20%
Fixtures and fittings	12.5%

The Group has entered into a policy of regular revaluation of the stadium development and training facilities. Remaining assets are carried at historical cost.

Intangible fixed assets and goodwill

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised, in equal annual instalments, over the period of the respective players' contracts. Provision for impairment is made when it becomes apparent that any diminution in value is permanent.

Goodwill amounting to £1,659,999 (2004 - £1,659,999) relating to prior periods was historically written off against the profit and loss reserve as a matter of accounting policy and remains eliminated against that reserve. This amount will be charged or credited in the profit and loss account on any subsequent disposal of the associated business. Any future goodwill, will be capitalised in the balance sheet and amortised over its useful life.

Signing-on fees

Signing-on fees payable to players are charged, as part of operating expenses, to the profit and loss account over the period of the player's contract. Where a player's registration is transferred, any signing on fees payable in respect of future periods are charged against profit or loss on disposal of players' registrations.

Contingent appearance fees

Where the directors consider the likelihood of a player meeting future performance and appearance criteria laid down in the transfer agreement of that player to be probable, provision for this cost is made (see note 17). If the likelihood of meeting these criteria is not probable no provision is made (see note 26).

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.

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.

Rentals paid under operating leases are written off to the profit and loss account as incurred.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2005

2. CONSOLIDATED FINANCIAL STATEMENTS

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit (see note 20) for the financial year amounted to £300,580 (2004 - £250,850 loss). The company's profit for the year was increased by £315,701 (2004 - decreased by £3,585,150) due to movements in provisions which are made against intercompany receivables.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2005 £	2004 £
Directors' emoluments		
Remuneration	363,683	485,878
Pension contributions	34,126	26,797
	<u>397,809</u>	<u>512,675</u>
Highest paid director		
Remuneration	355,683	477,878
Pension contributions	34,126	26,797
	<u>389,809</u>	<u>504,675</u>
	No	No
Average number of persons employed		
Administration staff	170	159
Playing staff	46	57
	<u>216</u>	<u>216</u>

Included in the above are an average of 67 (2004 - 62) members of staff who were employed on a part time basis.

	2005 £	2004 £
Staff costs during the year (including directors)		
Wages and salaries	12,413,057	17,197,612
Social security costs	1,625,105	2,015,958
Pension costs	67,522	65,275
	<u>14,105,684</u>	<u>19,278,845</u>

The number of directors who were members of a defined contribution scheme in the year was one (2004 - one).

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 May 2005**

4. OTHER OPERATING INCOME

	2005 £	2004 £
Other operating income	5,139,833	311,498

Included in other operating income is an amount of £3,061,657 (2004: Nil). This amount is a non cash item in this year's accounts and has no effect on the Company's cash flow. It represents part of the proceeds that were paid to the Company on signing a commercial contract in season 2000/01. However, due to a recent renegotiation of that contract the Company is obliged to credit the amount to the profit and loss account in this accounting year as per the accounting standards guidelines.

Also included in other operating income is £1,600,000 in respect of the temporary transfer of a player registration (2004: Nil) and £378,176 in respect of a donation received (2004: Nil).

Included in other operating income in 2004 is £211,498 in respect of early settlement discounts for player related payments.

5. OPERATING EXPENSES

Operating expenses comprise:	2005 £	2004 £
Depreciation of owned assets	841,108	764,924
Depreciation of leased assets	62,965	55,712
Amortisation of players' registrations	4,985,001	6,729,372
Deferred grant income	(65,853)	(64,578)
	<hr/>	<hr/>
	5,823,221	7,485,430
Staff costs (note 3)	14,105,684	19,278,845
Other operating charges	6,160,322	6,398,729
	<hr/>	<hr/>
Operating expenses	26,089,227	33,163,004

6. OPERATING PROFIT

Operating profit is stated after charging/(crediting):	2005 £	2004 £
Auditors' remuneration		
Audit fees - Group	25,000	22,500
Audit fees - Company	1,500	1,000
Non-audit fees	49,708	21,550
Operating leases		
Hire of plant and machinery	8,274	10,072
Hire of assets other than plant and machinery	83,297	83,259
Loss / (profit) on sale of tangible fixed assets	11,456	(150)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2005

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Bank interest	216,225	115,036
On finance leases	17,358	69,435
	<u>233,583</u>	<u>184,471</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The group has no liability for taxation owing to the availability of tax losses carried forward. The tax losses carried forward, subject to the agreement of the tax authorities, amount to approximately £30.6 million (2004 - £33.0 million).

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. The potential deferred tax asset of approximately £9.2 million (2004: £10.0 million), which arises substantially in respect of losses carried forward, has not been recognised as it is not expected that there will be taxable profits available in the foreseeable future against which the losses may be offset. In addition, deferred tax has not been provided on revaluations of fixed assets. This tax, estimated at £6.55 million (2004 - £2.9 million) will only be payable if the assets are sold and rollover relief is not obtained.

The tax assessed for the year is different than that resulting from applying the standard rate of corporation tax in the UK of 30% (2004:30%).

The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	2,786,114	5,179,233
Tax on profit on ordinary activities at standard rate of 30% (2004 – 30%)	(835,834)	(1,553,770)
Factors affecting charge:		
Expenses not deductible for tax purposes	(203,004)	(192,972)
Non-taxable income	4,311	19,372
Capital allowances in excess of depreciation	116,693	37,077
Utilisation of tax losses	899,389	1,699,426
Movement in short term timing differences	18,445	(9,133)
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2005

9. INTANGIBLE FIXED ASSETS

The Group	Players' registrations £
Cost	
At 1 June 2004	17,733,363
Additions	3,859,682
Disposals	(1,671,803)
At 31 May 2005	19,921,242
Amortisation	
At 1 June 2004	8,765,026
Charge for the year	4,985,001
Disposals	(1,536,730)
At 31 May 2005	12,213,297
Net book value	
At 31 May 2005	7,707,945
At 31 May 2004	8,968,337

10. TANGIBLE FIXED ASSETS

The Group	Stadium development £	Training facilities £	Plant, equipment and motor vehicles £	Car Park £	Fixtures and fittings £	Total £
Cost or valuation						
At 1 June 2004	27,929,693	1,295,624	2,074,177	-	2,218,997	33,518,491
Additions	22,938	1,461,328	302,045	155,250	591,679	2,533,240
Transfers	(463,800)	-	-	463,800	-	-
Disposals	-	-	(46,705)	-	-	(46,705)
Revaluations	9,111,169	1,253,530	-	-	-	10,364,699
At 31 May 2005	36,600,000	4,010,482	2,329,517	619,050	2,810,676	46,369,725
Accumulated depreciation						
At 1 June 2004	1,102,586	97,465	1,262,839	-	1,798,936	4,261,826
Charge for the year	538,806	31,295	153,107	20,615	160,250	904,073
Disposals	-	-	(34,899)	-	-	(34,899)
Adjustment on revaluations	(1,641,392)	(128,760)	-	-	-	(1,770,152)
At 31 May 2005	-	-	1,381,047	20,615	1,959,186	3,360,848
Net book value						
At 31 May 2005	36,600,000	4,010,482	948,470	598,435	851,490	43,008,877
At 31 May 2004	26,827,107	1,198,159	811,338	-	420,061	29,256,665

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2005

10. TANGIBLE FIXED ASSETS (CONTINUED)

Included within training facilities are long term leases with a net book value of £442,500 (2004: £452,500).

The net book value of plant, equipment and motor vehicles includes £419,658 (2004 - £395,023) in respect of assets held under finance leases and hire purchase contracts.

The stadium development was valued at £36.6 million, on a depreciated replacement cost basis, by Dunlop Haywards, Consultant Surveyors, on 20 September 2005. This valuation has been incorporated in these accounts as the directors are of the opinion that there was no material change to the value of the stadium between 31 May 2005 and 20 September 2005. At 31 May 2005 the net book value determined according to the historical cost convention would be £13,248,005 (cost of £17,478,688 less accumulated depreciation of £4,230,683).

The training ground facilities were valued at £4.96 million, on a depreciated replacement cost basis, by Dunlop Haywards, Consultant Surveyors, on 20 September 2005. The valuation has been reduced by £950,000 for these accounts, being the value of work performed on the training grounds between 31 May 2005 and 20 September 2005. At 31 May 2005 the net book value determined according to the historical cost convention would be £2,628,192 (cost of £2,756,952 less accumulated depreciation of £128,760).

All other tangible fixed assets are stated at historical cost.

11. INVESTMENTS HELD AS FIXED ASSETS

The Company	Shares in subsidiaries £
Cost and net book value At 1 June 2004 and 31 May 2005	14,659,997

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

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

12. STOCKS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Goods held for resale	392,593	145,748	-	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2005

13. DEBTORS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	606,161	364,288	-	-
Other debtors	190,440	91,791	-	270
Prepayments and accrued income	1,402,899	2,250,049	-	-
	<u>2,199,500</u>	<u>2,706,128</u>	<u>-</u>	<u>270</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank overdraft	1,276,001	1,887,603	-	-
Mortgage	1,787	-	-	-
Amounts owed to ultimate parent undertaking	-	300,000	-	300,000
Obligations under finance leases (note 18)	87,392	110,786	-	-
Trade creditors	686,250	677,342	-	-
Other taxation and social security	1,072,984	1,741,109	-	-
Other creditors	2,458,759	2,658,409	-	-
Accruals	811,731	743,805	8,210	9,060
	<u>6,394,904</u>	<u>8,119,054</u>	<u>8,210</u>	<u>309,060</u>

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

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts owed to ultimate parent undertaking	655,615	655,615	655,615	655,615
Bank loan	1,798,500	-	-	-
Mortgage	371,513	-	-	-
Other creditors	706,750	571,334	-	-
Accruals	43,672	58,742	-	-
Obligations under finance leases (note 18)	83,996	101,767	-	-
	<u>3,660,046</u>	<u>1,387,458</u>	<u>655,615</u>	<u>655,615</u>

The amounts due to the ultimate parent undertaking are interest free and repayable on demand. However, the directors have confirmed the terms of the support by group companies and therefore the loans are treated as long-term liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2005

16. PROVISIONS FOR LIABILITIES AND CHARGES

The Group

Contingent appearance fees (see note 1)	£
Balance at 1 June 2004	73,500
Utilised in the year	(73,500)
Balance at 31 May 2005	-

17. DEFERRED INCOME

The Group	Advance revenue £	Deferred grant income £	Total £
At 1 June 2004	7,874,652	2,097,388	9,972,040
Amounts received in the year	4,805,957	-	4,805,957
Transfer to profit and loss account	(7,903,971)	(65,852)	(7,969,823)
At 31 May 2005	4,776,638	2,031,536	6,808,174

18. BORROWINGS

Borrowings are repayable as follows:

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Bank loans:				
In one year or less or on demand	1,276,001	1,887,603	-	-
In more than two years but not more than five years	1,798,500	-	-	-
Mortgage:				
In one year or less or on demand	1,787	-	-	-
In more than one year but not more than two years	5,088	-	-	-
In more than two years but not more than five years	53,348	-	-	-
In more than five years	313,077	-	-	-
Amounts owed to ultimate parent undertaking:				
In one year or less or on demand	-	300,000	-	300,000
In more than one year but not more than two years	655,615	655,615	655,615	655,615
Obligations under finance leases:				
In one year or less or on demand	87,392	110,786	-	-
In more than one year but not more than two years	67,362	60,958	-	-
In more than two years but not more than five years	16,634	40,809	-	-
	4,274,804	3,055,771	655,615	955,615

The bank loans and overdrafts are secured by a fixed and floating charge over all property and assets of companies within the group.

The mortgage loan is secured on the car parks at Molineux.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2005

19. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Called up, allotted and fully paid 48,000,000 ordinary shares of £1 each	48,000,000	48,000,000
	<u>48,000,000</u>	<u>48,000,000</u>
Authorised 50,000,000 ordinary shares of £1 each	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>

20. RESERVES

	Group Revaluation Reserve £	Profit and loss account £	Company Profit and loss account £
At 1 June 2004	12,487,994	(38,963,168)	(34,304,408)
Profit for the year	-	2,786,114	300,580
Increase in revaluation reserve	12,134,851	-	-
Transfer between reserves	(193,885)	193,885	-
	<u>24,428,960</u>	<u>(35,983,169)</u>	<u>(34,003,828)</u>
At 31 May 2005	24,428,960	(35,983,169)	(34,003,828)

The cumulative amount of goodwill on acquisition written off to reserves is as stated in note 1.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' SURPLUS

	2005 £	2004 £
Opening shareholders' surplus / (deficit)	21,524,826	(21,654,407)
Increase in revaluation reserve	12,134,851	-
Increase in share capital	-	38,000,000
Profit for the financial year	2,786,114	5,179,233
	<u>36,445,791</u>	<u>21,524,826</u>
Closing shareholders' surplus	36,445,791	21,524,826

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2005

22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating profit	2,965,644	5,128,812
Depreciation	904,073	820,636
Amortisation of players' registrations	4,985,001	6,729,372
Loss / (profit) on sale of tangible fixed assets	11,456	(150)
Amortisation of deferred grant income	(65,852)	(64,578)
(Increase) / decrease in stocks	(246,845)	51,298
Decrease / (increase) in debtors	506,628	(1,369,393)
Decrease in creditors and deferred income	(3,215,659)	(2,161,208)
Decrease in provisions	(73,500)	(5,250)
Net cash inflow from operating activities	5,770,946	9,129,539

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest receivable and other similar income	32,416	16,531
Interest paid	(216,225)	(115,036)
Interest element of finance lease rental payments	(17,358)	(69,435)
Net cash outflow for returns on investments and servicing of finance	(201,167)	(167,940)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(2,533,240)	(711,898)
Receipts from sale of tangible fixed assets	-	150
Payments to acquire intangible fixed assets	(4,324,682)	(7,371,355)
Receipts from sales of intangible fixed assets	156,710	957,017
Grant income received	-	58,020
Net cash outflow from capital expenditure and financial investment	(6,701,212)	(7,068,066)
Financing		
(Decrease) / increase in loan from ultimate parent company	(300,000)	250,000
Capital element of finance lease rental payments	(128,765)	(124,498)
Mortgage	373,300	-
Bank Loan	1,798,500	-
Net cash inflow from financing	1,743,035	125,502

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2005

24. ANALYSIS OF NET DEBT

	At 1 June 2004 £	Cash Flow £	Other non cash items £	At 31 May 2005 £
Bank overdraft	(1,887,603)	611,602	-	(1,276,001)
Loan from ultimate parent company	(955,615)	300,000	-	(655,615)
Finance leases	(212,553)	128,765	(87,600)	(171,388)
Bank Loan	-	(1,798,500)	-	(1,798,500)
Mortgage	-	(373,300)	-	(373,300)
	<u>(3,055,771)</u>	<u>(1,131,433)</u>	<u>(87,600)</u>	<u>(4,274,804)</u>

Other non cash items are new finance leases with a capital value at inception of £87,600 (2004: £33,700).

25. FINANCIAL COMMITMENTS

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Capital commitments				
Contracted for but not provided	<u>1,571,000</u>	<u>917,000</u>	<u>-</u>	<u>-</u>

Operating lease commitments

At 31 May 2005, the Group was committed to making the following payments during the next year in respect of operating leases:

	Group	
	2005 £	2004 £
Leases which expire:		
Within one to two years	14,950	13,267
Within two to five years	13,746	21,817
	<u>28,696</u>	<u>35,084</u>

26. CONTINGENT LIABILITIES

In addition to amounts provided in note 17, the group may in future be required to pay contingent sums, dependent on the occurrence of future first team and international appearances and on field playing success of £312,500 (2004 - £437,500).

The company is party to an unlimited, supported cross guarantee with its subsidiary undertakings and given in favour of its bankers. The company's potential liability under this cross guarantee at 31 May 2005 is £3,074,501 (2004 - £1,887,603).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2005

27. PENSIONS

Certain staff of the group are members of either the Football League Limited Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. As the group is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the group, being invested with insurance companies.

At 1 April 2003, an MFR deficit was identified in the scheme, of which £90,855 was allocated to Wolverhampton Wanderers resulting in an increase in contributions advised by the Actuary. The total pension cost for the year was £67,522 (2004 - £65,275).

28. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company is Wend Investments Limited, a company incorporated in the Bahamas. The ultimate controlling party is the Hayward Family Trust, which controls Wend Investments Limited.

29. POST BALANCE SHEET EVENTS

Since the year end, the company has sold players' registrations recorded as intangible assets with a value at the balance sheet date of £1,297,265 (2004 - £512,281) resulting in a profit on sale of £2,123,114 (2004 - loss of £133,225). In addition, the company has acquired players' registrations with a value of £2,186,787 (2004 - £3,943,900) since the balance sheet date.