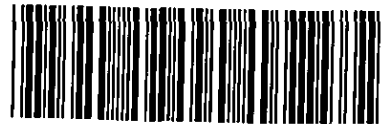


**W. W. (1990) LIMITED**

**Report and Financial Statements**

**31 May 2006**

THURSDAY



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07/06/2007  
COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2006**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>6</b>
<b>Independent auditors' report</b>	<b>7</b>
<b>Consolidated profit and loss account</b>	<b>10</b>
<b>Statement of total recognised gains and losses</b>	<b>13</b>
<b>Note of historical cost profits and losses</b>	<b>13</b>
<b>Consolidated balance sheet</b>	<b>15</b>
<b>Company balance sheet</b>	<b>17</b>
<b>Consolidated cash flow statement</b>	<b>19</b>
<b>Notes to the financial statements</b>	<b>21</b>

**REPORT AND FINANCIAL STATEMENTS 2006**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Sir Jack Hayward OBE  
D J Harrington CBE  
R A Hayward  
J G Hemingway  
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 2006

### 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 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 but valued in May 2006 at £4.3m.

The directors consider the financial result for the year to be satisfactory under the circumstances but were very disappointed that the club failed to regain its Premier League status at the second attempt since relegation in May 2004. However, the directors still regard the company's future prospects as very good.

Revenue for the year was at a similar level to the previous year at £23.8m (£23.9m 04/5) but one-off exceptional income received in 2004/5 of £5.1m (relating primarily to the proceeds of a commercial deal) meant that at operating levels (before player trading), the current year generated an operating profit of just under £1.3m compared to £7.7m in 2004/5 (as restated – see note 3).

Combined Player and Football Management Costs increased during the year reflecting a full year of Glenn Hoddle's appointment as team manager.

The club finished the season at 7<sup>th</sup> position compared to 9<sup>th</sup> position the previous year. Attendances were healthy and despite a fall of almost 12% compared to prior year levels averaged out at 23,624. The higher attendances experienced in 2004/5 of 26,739 were largely due to the higher take-up of season tickets which had reached levels similar to those experienced during the Premiership season 2003/4 when season tickets sales finished up at 21,000. Most of this higher take-up in season tickets in 2004/5 was attributed to the successful Early Bird scheme which was launched while the club was still in the Premiership.

The group has net assets of £34.3 million at 31/5/06 and the directors consider there are appropriate lines of finance for the group to continue for the foreseeable future.

The aim remains to regain Premiership League status as soon as possible and the directors believe the first team squad is capable of being a strong candidate for promotion. Details of post year end trading are set out in note 29 to the financial statements.

### RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend (2005 £nil). The loss of the group for the year after taxation of £1,155,166 has been transferred from reserves (2005 (as restated – see note 3) – profit of £2,564,091 transferred to reserves).

### FINANCIAL RISK MANAGEMENT

The directors have reviewed the financial risk management objectives and policies of the group and these are set out in further detail in note 24 to the financial statements.

## DIRECTORS' REPORT

### 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 (resigned 31/7/06)  
J D Moxey

### DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### SECTION 234ZA OF THE COMPANIES ACT 1985

Each of the persons who is a director at the date of approval of this report confirms that

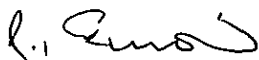
- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

### 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

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company and the group in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the group and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. 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 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.

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

We have audited the group and parent company financial statements (the "financial statements") of W W (1990) Limited for the year ended 31 May 2006 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

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

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 May 2006 and of the group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Birmingham, UK

*27 March 2007*



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 May 2006**

	Note	Operations excluding player trading £	Player amortisation and trading £	2006 £	2005 (As restated see note 3) £
<b>TURNOVER</b>		23,822,864	-	23,822,864	23,915,038
		23,822,864	-	23,822,864	23,915,038
Other operating income	4	100,000	-	100,000	5,139,833
Operating expenses	5	(22,637,396)	(4,492,507)	(27,129,903)	(26,311,250)
<b>OPERATING (LOSS)/ PROFIT</b>	6	1,285,468	(4,492,507)	(3,207,039)	2,743,621
Profit on disposal of players' registrations		-	2,269,880	2,269,880	21,637
<b>(LOSS)/PROFIT BEFORE INTEREST AND TAXATION</b>		1,285,468	(2,222,627)	(937,159)	2,765,258
Interest receivable				56,571	32,416
Interest payable and similar charges	7			(274,578)	(233,583)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				(1,155,166)	2,564,091
Tax on (loss)/profit on ordinary activities	8			-	-
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>				(1,155,166)	2,564,091
Profit and loss account brought forward	19			(36,577,767)	(39,335,743)
Transferred from revaluation reserve	19			391,784	193,885
<b>Profit and loss account carried forward</b>	19			(37,341,149)	(36,577,767)

All the above results derive from continuing operations

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 May 2006**

	2006 £	2005 (As restated see note 3) £
(Loss) / profit for the financial year	(1,155,166)	2,564,091
Adjustment to surplus arising on revaluation of tangible fixed assets	(385,382)	12,134,851
Total recognised gains and losses in the year	(1,540,548)	14,698,942
Prior year adjustment (see note 3)	(594,598)	
Total gains and losses recognised since last financial statements	(2,135,146)	

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**Year ended 31 May 2006**

	2006 £	2005 (As restated see note 3) £
(Loss) / profit on ordinary activities before taxation	(1,155,166)	2,564,091
Difference between the historical cost depreciation charge and the actual depreciation charge for the year	391,784	193,885
Historical cost (loss) / profit on ordinary activities before taxation being retained historical cost (loss) / profit for the year	(763,382)	2,757,976

**CONSOLIDATED BALANCE SHEET**  
**31 May 2006**

	Note	2006 £	2005 As restated (see note 3) £
<b>FIXED ASSETS</b>			
Intangible assets	9	4,108,898	7,707,945
Tangible assets	10	43,806,510	43,008,877
		<u>47,915,408</u>	<u>50,716,822</u>
<b>CURRENT ASSETS</b>			
Stocks	12	289,421	392,593
Debtors	13	3,292,515	2,199,500
		<u>3,581,936</u>	<u>2,592,093</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(7,230,899)</u>	<u>(6,989,502)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,648,963)</u>	<u>(4,397,409)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		44,266,445	46,319,413
<b>CREDITORS: amounts falling due after more than one year</b>	15	<u>(3,544,880)</u>	<u>(3,660,046)</u>
		40,721,564	42,659,367
<b>ACCRUALS AND DEFERRED INCOME</b>	16	<u>(6,410,919)</u>	<u>(6,808,174)</u>
<b>NET ASSETS</b>		<u>34,310,645</u>	<u>35,851,193</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	48,000,000	48,000,000
Revaluation reserve	19	23,651,794	24,428,960
Profit and loss account - deficit	19	<u>(37,341,149)</u>	<u>(36,577,767)</u>
<b>EQUITY SHAREHOLDERS' SURPLUS</b>	20	<u>34,310,645</u>	<u>35,851,193</u>

These financial statements were approved by the Board of Directors on 26 March 2007

Signed on behalf of the Board of Directors



Director

**COMPANY BALANCE SHEET**  
**31 May 2006**

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Investments	11	<u>14,659,997</u>	<u>14,659,997</u>
<b>CURRENT ASSETS</b>			
Debtors	13	-	-
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(6,555)</u>	<u>(8,210)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(6,555)</u>	<u>(8,210)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		14,653,442	14,651,787
<b>CREDITORS: amounts falling due after more than one year</b>	15	<u>(655,615)</u>	<u>(655,615)</u>
<b>NET ASSETS</b>		<u><u>13,997,827</u></u>	<u><u>13,996,172</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	48,000,000	48,000,000
Profit and loss account - deficit	19	<u>(34,002,173)</u>	<u>(34,003,828)</u>
<b>EQUITY SHAREHOLDERS' SURPLUS</b>		<u><u>13,997,827</u></u>	<u><u>13,996,172</u></u>

These financial statements were approved by the Board of Directors on 26 March 2007

Signed on behalf of the Board of Directors



J D Moxey

Director

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 May 2006**

	Note	2006 £	2005 £
Net cash inflow from operating activities	21	215,463	5,770,946
Returns on investments and servicing of finance	22	(218,007)	(201,167)
Capital expenditure and financial investment	22	(1,312,230)	(6,701,212)
Cash outflow before use of liquid resources and financing		(1,314,774)	(1,131,433)
Financing	22	1,075,399	1,743,035
(Decrease)/increase in cash in the year		(239,375)	611,602

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Reconciliation of net cash flow to movement in net debt	2006 £	2005 £
(Decrease)/increase in cash in the year	(239,375)	611,602
Cash inflow from change in debt and lease financing	(1,075,399)	(1,743,035)
Change in net debt resulting from cash flows	(1,314,774)	(1,131,433)
New finance leases	(99,651)	(87,600)
Movement in net debt	(1,414,425)	(1,219,033)
Net debt at 1 June	(4,274,804)	(3,055,771)
Net debt at 31 May	23 (5,689,229)	(4,274,804)

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2006

**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 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.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 May 2006

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### **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 (2005 - £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. 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.

#### 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 19) for the financial year amounted to £1,655 (2005 - £300,580 profit). The company's profit for the year was increased by £16,742 (2005 - increased by £315,701) due to movements in provisions which are made against intercompany receivables.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2006**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2006 £	2005 (As restated) £
<b>Directors' emoluments</b>		
Remuneration	482,207	544,483
Pension contributions	52,035	52,206
	<u>534,242</u>	<u>596,689</u>
<b>Highest paid director</b>		
Remuneration	474,207	536,483
Pension contributions	52,035	52,206
	<u>526,242</u>	<u>588,689</u>
	<b>2006 No</b>	<b>2005 No</b>
<b>Average number of persons employed</b>		
Administration staff	186	170
Playing staff	48	46
	<u>234</u>	<u>216</u>

Included in the above are an average of 87 (2005 – 67) members of staff who were employed on a part time basis

	2006 £	2005 (As restated) £
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	13,598,753	12,593,857
Social security costs	1,583,955	1,648,248
Pension costs	151,141	85,602
	<u>15,333,849</u>	<u>14,327,707</u>

The number of directors who were members of a defined contribution scheme in the year was one (2005 – one)

The above information regarding staff are those for the W W (1990) Limited Group, as there are no employees of W W (1990) Limited apart from the directors. Directors' remuneration is paid by Wolverhampton Wanderers FC (1986) Limited. It is not practicable to allocate the directors' remuneration between their services as executives of W W (1990) Limited and their services as directors of Wolverhampton Wanderers FC (1986) Limited and Wolverhampton Wanderers Properties Limited.



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2006**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)**

**Prior Period Adjustment**

The group accounts have been restated for an error in the calculation of a director's bonus resulting in additional payments, including employers' national insurance, in respect of 2004 (£372,575) and 2005 (£222,023)

The effect of the prior period adjustment is summarised below

	2006 £	2005 £
<b>Profit and loss account</b>		
Operating expenses – before adjustment	(27,129,903)	(26,089,227)
Adjustment	-	(222,023)
Operating expenses – after adjustment	(27,129,903)	(26,311,250)
	<u>-</u>	<u>(222,023)</u>
<b>Increase (decrease) in profit for the financial year</b>	<u>-</u>	<u>(222,023)</u>
<b>Balance sheet</b>		
Creditors amounts falling due within 1 year – before adjustment	(7,230,899)	(6,394,904)
Adjustment	-	(594,598)
Creditors amounts falling due within 1 year – after adjustment	(7,230,899)	(6,989,502)
	<u>-</u>	<u>(594,598)</u>
<b>Increase (decrease) in net assets</b>	<u>-</u>	<u>(594,598)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 May 2006

### 4. OTHER OPERATING INCOME

	2006 £	2005 £
Other operating income	<u>100,000</u>	<u>5,139,833</u>

Included in other operating income in 2005 was an amount of £3,061,657. This amount was a non cash item in last 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 renegotiation of that contract the Company was obliged to credit the amount to the profit and loss account in the prior accounting year as per the accounting standards guidelines.

Also included in other operating income in 2005 was £1,600,000 in respect of the temporary transfer of a player registration and £378,176 in respect of a donation received.

### 5 OPERATING EXPENSES

Operating expenses comprise

	2006 £	2005 (As restated see note 3) £
Depreciation of owned assets	1,150,330	841,108
Depreciation of leased assets	75,200	62,965
Amortisation of players' registrations	4,492,507	4,985,001
Deferred grant income	<u>(65,852)</u>	<u>(65,853)</u>
	5,652,185	5,823,221
Staff costs (note 3)	15,333,849	14,327,707
Other operating charges	<u>6,143,869</u>	<u>6,160,322</u>
Operating expenses	<u>27,129,903</u>	<u>26,311,250</u>

### 6. OPERATING PROFIT

	2006 £	2005 £
Operating profit is stated after charging		
Auditors' remuneration		
Audit fees – Group	25,000	25,000
Audit fees - Company	1,500	1,500
Non-audit fees	15,650	49,708
Operating leases		
Hire of plant and machinery	22,120	8,274
Hire of assets other than plant and machinery	84,513	83,297
Loss on sale of tangible fixed assets	<u>-</u>	<u>11,456</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 May 2006

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Bank interest	260,044	216,225
On finance leases	14,534	17,358
	<u>274,578</u>	<u>233,583</u>

### 8 TAX ON (LOSS)/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 £31.0 million (2005 - £30.6 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 £9.4 million (2005 - £9.2 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 £6.44 million (2005 - £6.55 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% (2005 30%).

The differences are explained below.

	2006 £	2005 (As restated see note 3) £
(Loss)/profit on ordinary activities before tax	(1,155,166)	2,564,091
Tax on (loss)/profit on ordinary activities at standard rate of 30% (2005 - 30%)	346,550	(769,227)
<b>Factors affecting charge:</b>		
Expenses not deductible for tax purposes	(281,716)	(203,004)
Non-taxable income	22,757	22,756
Movement in short term timing differences	178,380	(66,607)
Capital allowances in excess of depreciation	55,056	116,693
Utilisation of tax losses	-	899,389
Creation of tax losses	(321,027)	-
	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2006**

**9. INTANGIBLE FIXED ASSETS**

<b>The Group</b>	<b>Players' registrations £</b>
<b>Cost</b>	
At 1 June 2005	19,921,242
Additions	2,020,081
Disposals	(4,468,835)
At 31 May 2006	17,472,488
<b>Amortisation</b>	
At 1 June 2005	12,213,297
Charge for the year	4,492,507
Disposals	(3,342,214)
At 31 May 2006	13,363,590
<b>Net book value</b>	
At 31 May 2006	4,108,898
At 31 May 2005	7,707,945

**10. TANGIBLE FIXED ASSETS**

<b>The Group</b>	<b>Stadium development £</b>	<b>Training facilities £</b>	<b>Plant, equipment and motor vehicles £</b>	<b>Car Park £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost or valuation</b>						
At 1 June 2005	36,600,000	4,010,482	2,329,517	619,050	2,810,676	46,369,725
Additions	-	1,605,897	388,557	-	414,091	2,408,545
Transfers	-	(1,660)	-	-	1,660	-
Revaluations	-	(469,749)	-	-	-	(469,749)
At 31 May 2006	36,600,000	5,144,970	2,718,074	619,050	3,226,427	48,308,521
<b>Accumulated depreciation</b>						
At 1 June 2005	-	-	1,381,047	20,615	1,959,186	3,360,848
Charge for the year	732,011	101,118	185,845	12,381	194,175	1,225,530
Adjustment on revaluations	-	(84,367)	-	-	-	(84,367)
At 31 May 2006	732,011	16,751	1,566,892	32,996	2,153,361	4,502,011
<b>Net book value</b>						
At 31 May 2006	35,867,989	5,128,219	1,151,182	586,054	1,073,066	43,806,510
At 31 May 2005	36,600,000	4,010,482	948,470	598,435	851,490	43,008,877

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 May 2006****10 TANGIBLE FIXED ASSETS (CONTINUED)**

Included within training facilities are long term leases with a net book value of £432,500 (2005 £442,500)  
The depreciation on these leased assets was £10,000 (2005 £10,000)

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 since this valuation. At 31 May 2006 the net book value determined according to the historical cost convention would be £12,898,431 (cost of £17,478,688 less accumulated depreciation of £4,580,257).

The Aldersey training facility was valued at £830,000 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 facilities since this valuation.

The Compton training facility valuation was updated for the position as at 31 May 2006, following the conclusion of building work during this year. The interim valuation as at 31 May 2006, performed on a depreciated replacement cost basis by Dunlop Haywards, Consultant Surveyors, on 20 November 2006 was £4.3 million, which has caused a reduction in the existing revaluation reserve of £385,382.

At 31 May 2006 the net book value of the total training facilities determined according to the historical cost convention would be £4,150,205 (cost of £4,361,189 less accumulated depreciation of £210,984).

All other tangible fixed assets are stated at historical cost.

**11 INVESTMENTS HELD AS FIXED ASSETS**

<b>The Company</b>	<b>Shares in subsidiaries £</b>
<b>Cost and net book value</b>	
At 1 June 2005 and 31 May 2006	<u>14,659,997</u>

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

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

**12 STOCKS**

	<b>Group 2006 £</b>	<b>2005 £</b>
Goods held for resale	<u>289,421</u>	<u>392,593</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 May 2006

### 13 DEBTORS

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	2,072,523	606,161	-	-
Other debtors	55,036	190,440	-	-
Prepayments and accrued income	1,164,956	1,402,899	-	-
	<u>3,292,515</u>	<u>2,199,500</u>	<u>-</u>	<u>-</u>

### 14 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2006	2005 (As restated see note 3)	2006	2005
	£	£	£	£
Bank loans and overdraft	2,315,376	1,276,001	-	-
Mortgage loan	17,064	1,787	-	-
Obligations under finance leases (note 18)	85,527	87,392	-	-
Trade creditors	575,641	686,250	-	-
Other taxation and social security	1,065,022	1,072,984	-	-
Other creditors	3,172,269	3,865,088	6,555	8,210
	<u>7,230,899</u>	<u>6,989,502</u>	<u>6,555</u>	<u>8,210</u>

The 2005 other creditors comparative has been updated to include amounts of £811,731 (group) and £8,210 (company) that were previously disclosed as accruals, to more appropriately reflect the requirements of the Companies Act

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

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Amounts owed to ultimate parent undertaking	655,615	655,615	655,615	655,615
Bank loan	2,200,000	1,798,500	-	-
Mortgage loan	341,961	371,513	-	-
Other creditors	273,618	750,422	-	-
Obligations under finance leases (note 18)	73,686	83,996	-	-
	<u>3,544,880</u>	<u>3,660,046</u>	<u>655,615</u>	<u>655,615</u>

The 2005 other creditors group comparative has been updated to include an amount of £43,672 that was previously disclosed as accruals, to more appropriately reflect the requirements of the Companies Act

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 2006

## 16 ACCRUALS AND DEFERRED INCOME

	Advance revenue £	Deferred grant income £	Total £
<b>The Group</b>			
At 1 June 2005	4,776,638	2,031,536	6,808,174
Amounts received in the year	4,439,100	-	4,439,100
Transfer to profit and loss account	(4,770,502)	(65,853)	(4,836,355)
At 31 May 2006	<u>4,445,236</u>	<u>1,965,683</u>	<u>6,410,919</u>

## 17. BORROWINGS

Borrowings are repayable as follows

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Bank loans and overdrafts				
In one year or less or on demand	2,348,515	1,276,001	-	-
In more than one year but not more than two years	800,000	-	-	-
In more than two years but not more than five years	1,400,000	1,798,500	-	-
Mortgage				
In one year or less or on demand	17,064	1,787	-	-
In more than one year but not more than two years	18,180	5,088	-	-
In more than two years but not more than five years	63,121	53,348	-	-
In more than five years	260,660	313,077	-	-
Amounts owed to ultimate parent undertaking				
In one year or less or on demand	-	-	-	-
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	85,527	87,392	-	-
In more than one year but not more than two years	36,385	67,362	-	-
In more than two years but not more than five years	37,301	16,634	-	-
	<u>5,722,368</u>	<u>4,274,804</u>	<u>655,615</u>	<u>655,615</u>

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

## 18. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Called up, allotted and fully paid		
48,000,000 ordinary shares of £1 each	<u>48,000,000</u>	<u>48,000,000</u>
Authorised 50,000,000 ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2006

## 19 RESERVES

	Group Revaluation Reserve £	Profit and loss account £	Company Profit and loss account £
At 1 June 2005 – as previously stated	24,428,960	(35,983,169)	(34,003,828)
Prior year adjustment (see note 3)	-	(594,598)	-
At 1 June 2005 (as restated)	24,428,960	(36,577,767)	(34,003,828)
(Loss)/profit for the year	-	(1,155,166)	1,655
Revaluation reserve adjustment	(385,382)	-	-
Transfer between reserves	(391,784)	391,784	-
At 31 May 2006	<u>23,651,794</u>	<u>(37,341,149)</u>	<u>(34,002,173)</u>

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

## 20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' SURPLUS

	2006 £	2005 (As restated see note 3) £
Opening shareholders' funds – as previously stated	36,445,791	21,524,826
Prior year adjustment (see note 3)	(594,598)	(372,575)
Opening shareholders' surplus (as restated)	35,851,193	21,152,251
(Decrease)/increase in revaluation reserve	(385,382)	12,134,851
(Loss)/profit for the financial year (as restated)	(1,155,166)	2,564,091
Closing shareholders' surplus	<u>34,310,645</u>	<u>35,851,193</u>



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2006

## 21 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 (As restated see note 3) £
Operating (loss)/profit	(3,207,039)	2,743,621
Depreciation	1,225,530	904,073
Amortisation of players' registrations	4,492,507	4,985,001
Loss on sale of tangible fixed assets	-	11,456
Amortisation of deferred grant income	(65,852)	(65,852)
Decrease/(increase) in stocks	103,172	(246,845)
Decrease / (increase) in debtors	(1,093,015)	506,628
Decrease in creditors and accruals and deferred income	(1,239,840)	(2,993,636)
Decrease in provisions	-	(73,500)
<b>Net cash inflow from operating activities</b>	<b>215,463</b>	<b>5,770,946</b>

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

	2006 £	2005 £
<b>Returns on investments and servicing of finance</b>		
Interest receivable and other similar income	56,571	32,416
Interest paid	(260,044)	(216,225)
Interest element of finance lease rental payments	(14,534)	(17,358)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(218,007)</b>	<b>(201,167)</b>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(2,308,894)	(2,533,240)
Payments to acquire intangible fixed assets	(2,399,837)	(4,324,682)
Receipts from sales of intangible fixed assets	3,396,501	156,710
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(1,312,230)</b>	<b>(6,701,212)</b>
<b>Financing</b>		
Decrease in loan from ultimate parent company	-	(300,000)
Capital element of finance lease rental payments	(111,826)	(128,765)
Mortgage	(14,275)	373,300
Bank loan	1,201,500	1,798,500
<b>Net cash inflow from financing</b>	<b>1,075,399</b>	<b>1,743,035</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2006**

**23 ANALYSIS OF NET DEBT**

	At 1 June 2005 £	Cash Flow £	Other non cash items £	At 31 May 2006 £
Bank overdraft	(1,276,001)	(239,375)	-	(1,515,376)
Loan from ultimate parent company	(655,615)	-	-	(655,615)
Finance leases	(171,388)	(87,476)	99,651	(159,213)
Bank Loan	(1,798,500)	(1,201,500)	-	(3,000,000)
Mortgage	(373,300)	14,275	-	(359,025)
	<u>(4,274,804)</u>	<u>(1,514,076)</u>	<u>99,651</u>	<u>(5,689,229)</u>

Other non cash items are new finance leases with a capital value at inception of £99,651 (2005 £87,600)

**24 FINANCIAL RISK MANAGEMENT**

The directors have reviewed the financial risk management objectives and policies of the group and do not consider it necessary to use hedging instruments or enter into any speculative financial instruments

There is a comprehensive system in place for reporting financial information to the Board including the preparation of budgets for each business activity, monthly accounts comparisons to budget and last year and regular profit and loss projections and cash flow forecasts

**Price Risk**

This is largely governed by the division the club is operating within and prices are set out accordingly. The policy adopted recognises the inherent value of our fan base and core supporters. By monitoring feedback and industry pricing we look to offer the best value for money.

**Liquidity & Cashflow Risk**

A large part of our seasonal business is paid upfront ahead of fixtures taking place through our Early Bird Scheme on both ticketing and corporate business. Any fluctuations in cashflow during the season will arise through player transactions during the transfer window periods and match to match business primarily dependent upon attendance levels/team performance.

**Credit Risk**

As most of our business is either paid for in advance of the season (if seasonal) there is very little exposure to credit risk. The timing of player transfer receipts is governed by stringent Football League rules as are ticket sales to away clubs.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2006

## 25. FINANCIAL COMMITMENTS

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
<b>Capital commitments</b>				
Contracted for but not provided	230,715	1,571,000	-	-

**Operating lease commitments**

At 31 May 2006, the Group was committed to making the following payments during the next year in respect of operating leases

	Group	
	2006	2005
	£	£
<b>Leases which expire</b>		
Within one year	4,828	-
Within one to two years	14,157	14,950
Within two to five years	9,506	13,746
	<u>28,491</u>	<u>28,696</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 £495,000 (2005 - £312,500)

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 2006 is £4,517,617 (2005 - £3,074,501)

## 27. PENSIONS

Certain staff of the company 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 company 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. Under the provisions of FRS17 the scheme is treated as a defined benefit multi employer scheme.

The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no disclosures are made under the provisions of FRS17. At 1 April 2006, an MFR deficit was identified in the scheme, of which £57,638 was allocated to Wolverhampton Wanderers resulting in a continuation of contributions advised by the Actuary. The total pension cost for the year was £199,561 (2005 - £67,522)

## 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.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2006**

**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 £867,103 (2005 - £1,297,265) resulting in a profit on sale of £5,781,163 (2005 - profit of £2,123,114) In addition, the company has acquired players' registrations with a value of £2,366,620 (2005 - £2,186,787) since the balance sheet date