

---

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

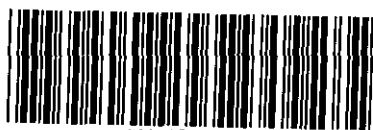
---

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2006**

  
**Clement Keys**  
CHARTERED ACCOUNTANTS

THURSDAY



A60

\*AN4SAO2T\*  
22/03/2007  
COMPANIES HOUSE

324

---

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

---

**COMPANY INFORMATION**

---

**DIRECTORS**

J R Peace  
J J Evans  
J W Brandrick  
M J Jenkins  
J T Farmer  
T Gardiner (appointed 01/06/2006)  
M Davies (appointed 27/10/2006)

**SECRETARY**

M J Jenkins

**COMPANY NUMBER**

3295063

**REGISTERED OFFICE**

The Hawthorns,  
West Bromwich,  
West Midlands,  
B71 4LF.

---

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

---

**CONTENTS**

---

	Page
<b>Directors' report</b>	1 - 2
<b>Independent auditors' report</b>	3 - 4
<b>Profit and loss account</b>	5
<b>Note of historical cost profits and losses</b>	6
<b>Balance sheet</b>	7
<b>Notes to the financial statements</b>	8 - 19

---

## WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2006

---

The directors present their report and the financial statements for the year ended 30 June 2006.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### PRINCIPAL ACTIVITIES

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

#### BUSINESS REVIEW

The directors are satisfied with the results for the year. The business review is detailed in the Chairman's Statement of the Group Annual Report for West Bromwich Albion Holdings Limited.

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £3,889,279 (2005 - Profit £3,518,828).

The directors do not recommend the payment of a dividend.

---

## WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2006

---

#### DIRECTORS

The directors who served during the year had no interests in the share capital of the company.  
The directors who served during the year and their interests in the issued share capital of the the ultimate parent company, West Bromwich Albion Holdings Limited, were:

	Ordinary shares of £1 each	
	2006	2005
J R Peace	43,511	43,511
J J Evans	-	-
J W Brandrick	2,058	2,058
M J Jenkins	41	41
J T Farmer	11	11
T Gardiner (appointed 01/06/2006)	-	-
M Davies (appointed 27/10/2006)	-	-

No director held any Premier shares in West Bromwich Albion Holdings Limited.

#### EVENTS SINCE THE END OF THE YEAR

Since 30 June 2006 the club has acquired players registrations at a total cost of £735,000 (2005 - £9,820,000).

#### COMPANY'S POLICY FOR PAYMENT OF CREDITORS

Whilst the Company does not follow any specified code or standard of payment practice we do endeavour to ensure all payments are made within mutually agreed credit terms. The creditor days are not given as they are distorted by player trading which fluctuates significantly year on year.

#### AUDITORS

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

This report was approved by the board on 6 November 2006 and signed on its behalf.

  
**M J Jenkins**  
Director

---

## **WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

---

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

---

We have audited the financial statements of West Bromwich Albion Football Club Limited for the year ended 30 June 2006 set out on pages 5 to 19. These financial statements have been prepared in accordance with 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **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 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.

---

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

---

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

---

**OPINION**

In our opinion:

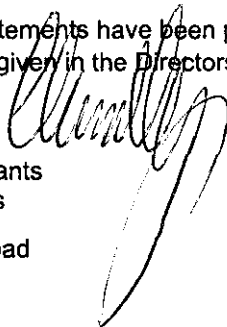
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**CLEMENT KEYS**

Chartered Accountants  
Registered Auditors

39/40 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS

6 November 2006



**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

**PROFIT AND LOSS ACCOUNT**  
For the year ended 30 June 2006

	Note	2006 Operations excluding player trading £	2006 Player trading £	2006 Total £	2005 Total £
<b>TURNOVER</b>	1, 2	<b>35,540,022</b>	-	<b>35,540,022</b>	<b>36,504,378</b>
Operating expenses		(26,546,548)	(7,099,547)	(33,646,095)	(33,023,332)
Exceptional item	7	-	(9,413,778)	(9,413,778)	(930,600)
<b>OPERATING (LOSS)/PROFIT before, profit on disposal of players' registrations</b>	3	<b>8,993,474</b>	<b>(16,513,325)</b>	<b>(7,519,851)</b>	<b>2,550,446</b>
Profit on disposal of player's registrations		-	2,377,357	2,377,357	2,351,183
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<b>8,993,474</b>	<b>(14,135,968)</b>	<b>(5,142,494)</b>	<b>4,901,629</b>
Interest receivable				203,967	339,261
Interest payable	6			(311,885)	(237,006)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				<b>(5,250,412)</b>	<b>5,003,884</b>
<b>TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>				<b>1,361,133</b>	<b>(1,485,056)</b>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	16			<b>(3,889,279)</b>	<b>3,518,828</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account.

The notes on pages 8-19 form part of these financial statements.



---

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

---

---

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 30 JUNE 2006**

---

	<b>2006 £</b>	<b>2005 £</b>
<b>REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(5,250,412)</b>	<b>5,003,884</b>
Realisation of valuation gains of previous periods	<b>91,789</b>	<b>91,789</b>
<b>HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(5,158,623)</b>	<b>5,095,673</b>
<b>HISTORICAL (LOSS)/PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS</b>	<b>(3,797,490)</b>	<b>3,610,617</b>

The notes on pages 8 to 19 form part of these financial statements.

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

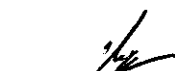
**BALANCE SHEET  
AS AT 30 JUNE 2006**

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Intangible fixed assets	9	1,981,736	9,049,522
Tangible fixed assets	10	20,348,617	18,876,419
		<u>22,330,353</u>	<u>27,925,941</u>
<b>CURRENT ASSETS</b>			
Stocks	11	320,972	209,089
Debtors	12	9,697,595	5,700,063
Cash at bank and in hand		7,818	11,772,626
		<u>10,026,385</u>	<u>17,681,778</u>
<b>CREDITORS:</b> amounts falling due within one year	13	<u>(24,243,323)</u>	<u>(30,417,129)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(14,216,938)</u>	<u>(12,735,351)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,113,415</u>	<u>15,190,590</u>
<b>CREDITORS:</b> amounts falling due after more than one year	14	(2,928,199)	(5,386,034)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred Taxation	15	(679,456)	(690,917)
Other provisions	16	<u>(212,000)</u>	<u>(930,600)</u>
		<u>(891,456)</u>	<u>(1,621,517)</u>
<b>NET ASSETS</b>		<u>4,293,760</u>	<u>8,183,039</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	2	2
Revaluation reserve	18	4,918,143	5,009,932
Profit and loss account	18	<u>(624,385)</u>	<u>3,173,105</u>
<b>SHAREHOLDERS' FUNDS - All equity</b>	19	<u>4,293,760</u>	<u>8,183,039</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 November 2006.



**J R Peace**  
Director



**M J Jenkins**  
Director

The notes on pages 8 to 19 form part of these financial statements.

---

## WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

---

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the *revaluation of certain freehold land and buildings and are in accordance with applicable accounting standards and in accordance with applicable accounting standards.*

##### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1.

##### 1.3 Turnover

Turnover represents all income arising from the activities of the company excluding transfer fees and Value Added Tax.

##### 1.4 Intangible fixed assets and amortisation

The cost of acquiring players' registrations is included in the balance sheet as intangible assets at cost less amortisation which is charged over the length of the relevant contract. Provision is made, where in the opinion of the directors, an impairment of the carrying value of the players' registrations has occurred.

##### 1.5 Tangible fixed assets and depreciation

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

Freehold land	-	Nil%
Leasehold buildings	-	Over lease term
Freehold buildings	-	2% straight line
Equipment	-	5 - 25% straight line

##### 1.6 Revaluation of tangible fixed assets

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

##### 1.7 Capitalisation of interest

Following the introduction of Financial Reporting Standard 15, interest incurred on borrowings to *finance capital developments is not capitalised. Interest incurred on borrowings to finance specific stadium expenditure was capitalised in earlier periods before the Standard was introduced.*

---

## WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

---

#### 1. ACCOUNTING POLICIES (continued)

##### 1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### 1.9 Operating leases

*Rentals under operating leases are charged on a straight line basis over the lease term.*

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### 1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### 1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

##### 1.12 Pensions

The pension cost charged in the year represents contributions payable into the personal pension schemes of certain members of staff.

##### 1.13 Grants

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

---

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

---

**1. ACCOUNTING POLICIES (continued)**

**1.14 Financial instruments**

The company's financial instruments during the year comprised bank loans and cash. The main purpose of these financial instruments is to raise finance for the company's operations. All financial assets and liabilities are denominated in sterling and their book value is considered to equate to their fair value.

**2. TURNOVER**

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

	2006 £	2005 £
Gate Receipts	8,730,389	8,189,751
Merchandising	2,004,214	2,330,070
Media Related Activities	19,797,929	21,143,544
Other Commercial Income	5,007,490	4,841,013
	<u>35,540,022</u>	<u>36,504,378</u>

All turnover arose within the United Kingdom.

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	2006 £	2005 £
Amortisation & impairment- intangible fixed assets	16,513,324	5,804,449
Depreciation of tangible fixed assets:		
- owned by the company	891,543	888,810
- held under finance leases	7,046	7,884
Auditors' remuneration	17,500	16,800
Auditors' remuneration - non-audit	10,485	9,365
Operating lease rentals:		
- plant and machinery	-	21,195
- other operating leases	38,277	47,198
Release of property development reserve	(27,084)	(27,084)
Release of grant	(70,252)	(73,405)
	<u>                    </u>	<u>                    </u>

---

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

---

**4. STAFF COSTS**

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

	2006 £	2005 £
Wages and salaries	18,094,958	17,926,364
Social security costs	2,127,915	1,984,772
Other pension costs	138,121	100,200
	<u>20,360,994</u>	<u>20,011,336</u>

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

	2006 No.	2005 No.
Players and coaching staff	38	40
Scholars	15	16
Administration and commercial staff	52	51
Ground staff	14	13
	<u>119</u>	<u>120</u>

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

**5. DIRECTORS' REMUNERATION**

	2006 £	2005 £
Emoluments	<u>526,283</u>	<u>456,388</u>
Company pension contributions to money purchase pension schemes	<u>40,716</u>	<u>27,916</u>

During the year retirement benefits were accruing to 3 directors (2005 - 2) in respect of money purchase pension schemes.

The highest paid director received remuneration of £281,189 (2005 - £135,050).

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £28,000 (2005 - £8,000).

---

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

---

6. INTEREST PAYABLE

	2006 £	2005 £
On bank loans and overdrafts	220,643	236,932
On other loans	91,242	74
	<u>311,885</u>	<u>237,006</u>

7. EXCEPTIONAL ITEMS

Impairment loss	<u>9,413,778</u>	<u>-</u>
-----------------	------------------	----------

The impairment loss arises from the directors review of the of the carrying value of players registrations based on their value in use calculated by reference to the average remaining contract period and applying a discount rate of 9.5%.

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**8. TAXATION**

	2006 £	2005 £
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profits of the year	-	1,500,000
Adjustments in respect of prior periods	(1,349,672)	-
<b>Total current tax</b>	<u>(1,349,672)</u>	<u>1,500,000</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(647)	(122,175)
Roll over relief on profit on sale of player registrations	-	107,231
Trade losses carried forward	(10,814)	-
<b>Total deferred tax</b> (see note 15)	<u>(11,461)</u>	<u>(14,944)</u>
<b>Tax on (loss)/profit on ordinary activities</b>	<u><u>(1,361,133)</u></u>	<u><u>1,485,056</u></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £	2005 £
(Loss)/profit on ordinary activities before tax	<u>(5,250,412)</u>	<u>5,003,884</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%%)	(1,575,124)	1,501,165
<b>Effects of:</b>		
Expenses not deductible for tax purposes	45,104	86,890
Capital allowances for year in excess of depreciation	19,501	(5,095)
Player registration timing differences	89,952	(83,184)
Other items	10,808	224
Adjustments to tax charge in respect of prior periods	60,087	-
<b>Current tax (credit)/charge for the year</b> (see note above)	<u><u>(1,349,672)</u></u>	<u><u>1,500,000</u></u>

**Factors that may affect future tax charges**

There are unutilised taxation losses of approximately £36,000 available to carry forward against future trading profits.

Players' registrations which commenced post April 2002 and which have subsequently been sold have been dealt with under the intangible asset roll over regime resulting in a deferment of the liability into new player registrations.



**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**9. INTANGIBLE FIXED ASSETS**

	Players registrations £
<b>Cost</b>	
At 1 July 2005	20,893,747
Additions	12,067,016
Disposals	(8,159,872)
At 30 June 2006	<u>24,800,891</u>
<b>Amortisation</b>	
At 1 July 2005	11,844,225
Charge for the year	16,513,324
On disposals	(5,538,394)
At 30 June 2006	<u>22,819,155</u>
<b>Net book value</b>	
At 30 June 2006	<u>1,981,736</u>
At 30 June 2005	<u>9,049,522</u>

**10. TANGIBLE FIXED ASSETS**

	Land and buildings £	Equipment £	Total £
<b>Cost or valuation</b>			
At 1 July 2005	20,101,250	3,447,500	23,548,750
Additions	2,322,212	69,522	2,391,734
Disposals	-	(40,220)	(40,220)
At 30 June 2006	<u>22,423,462</u>	<u>3,476,802</u>	<u>25,900,264</u>
<b>Depreciation</b>			
At 1 July 2005	2,494,844	2,177,487	4,672,331
Charge for the year	376,386	522,203	898,589
On disposals	-	(19,273)	(19,273)
At 30 June 2006	<u>2,871,230</u>	<u>2,680,417</u>	<u>5,551,647</u>
<b>Net book value</b>			
At 30 June 2006	<u>19,552,232</u>	<u>796,385</u>	<u>20,348,617</u>
At 30 June 2005	<u>17,606,406</u>	<u>1,270,013</u>	<u>18,876,419</u>

---

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

---

10. TANGIBLE FIXED ASSETS (continued)

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

	2006 £	2005 £
Equipment	-	32,534

Land and buildings includes £666,156 in respect of long leasehold property.

Cost or valuation at 30 June 2006 is as follows:

	Land and buildings £
At cost	16,631,427
At valuation:	
See below	5,792,035
	<u>22,423,462</u>

The Hawthorns Stadium is valued at depreciated replacement cost and the Tom Silk building is valued on the basis of open market value as advised by Dunlop Haywood, Consultant Surveyors, Manchester. The valuation was carried out at 31 January 1996 and additions since that date are stated at cost. Interest capitalised in earlier periods and included in freehold land and buildings amounts to £42,498 (2005 -£42,498).

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**10. TANGIBLE FIXED ASSETS (continued)**

If the freehold land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2006 £	2005 £
Cost	16,620,427	14,309,215
Accumulated depreciation	(1,997,337)	(1,712,740)
Net book value	<u>14,623,090</u>	<u>12,596,475</u>

**11. STOCKS**

	2006 £	2005 £
Goods for resale	<u>320,972</u>	<u>209,089</u>

**12. DEBTORS**

	2006 £	2005 £
Trade debtors	2,991,468	1,620,642
Amounts owed by group undertakings	6,257,412	3,405,531
Other debtors	214,858	489,057
Prepayments and accrued income	233,857	184,833
	<u>9,697,595</u>	<u>5,700,063</u>

**13. CREDITORS:**

Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts ( see note 14)	1,064,351	500,000
Net obligations under finance leases and hire purchase contracts	-	25,023
Trade creditors	4,712,295	4,341,022
Deferred grants	65,646	70,300
Amounts owed to group undertakings	10,023,632	10,446,146
Corporation tax	-	1,553,161
Social security and other taxes	1,661,145	3,382,993
Other creditors	188,491	229,924
Accruals and deferred income	6,527,763	9,868,560
	<u>24,243,323</u>	<u>30,417,129</u>

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**14. CREDITORS:**

Amounts falling due after more than one year

	2006 £	2005 £
Bank loans	500,000	2,625,000
Trade creditors	763,500	1,000,000
Deferred grants	1,509,199	1,574,797
Other creditors	-	80,212
Accruals and deferred income	155,500	106,025
	<u>2,928,199</u>	<u>5,386,034</u>

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

	2006 £	2005 £
Repayable by instalments	-	625,000

The bank loan of £1,000,000 (2005: £2,625,00) at a floating rate of 2% over base rate is secured by charges over some of the freehold property of the company and a fixed and floating charge over some of the companies other assets.

**15. DEFERRED TAXATION**

	2006 £	2005 £
At 1 July 2005	690,917	705,861
Released during the year	(11,461)	(14,944)
At 30 June 2006	<u>679,456</u>	<u>690,917</u>

The provision for deferred taxation is made up as follows:

	2006 £	2005 £
Accelerated capital allowances	690,270	583,686
Roll over relief on profit on sale of player registrations	(1)	107,231
Trade losses carried forward	(10,813)	-
	<u>679,456</u>	<u>690,917</u>

**WEST BROMWICH ALBION FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

**16. PROVISIONS**

	£
At 1 July 2005	930,600
Additions	212,000
Amounts released	(930,600)
	<u>212,000</u>
At 30 June 2006	<u>212,000</u>

This provision constitutes the value of a present obligation in respect of a contract for which the unavoidable costs of meeting the obligations under it exceed the economic benefits expected to be received.

**17. SHARE CAPITAL**

	2006 £	2005 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

**18. RESERVES**

	Revaluation reserve £	Profit and loss account £
At 1 July 2005	5,009,932	3,173,105
Loss retained for the year		(3,889,279)
Transfer between Revaluation reserve and Profit and Loss account	(91,789)	91,789
	<u>4,918,143</u>	<u>(624,385)</u>
At 30 June 2006	<u>4,918,143</u>	<u>(624,385)</u>

**19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2006 £	2005 £
Opening shareholders' funds	8,183,039	4,664,211
(Loss)/profit for the year	(3,889,279)	3,518,828
	<u>4,293,760</u>	<u>8,183,039</u>
Closing shareholders' funds	<u>4,293,760</u>	<u>8,183,039</u>

---

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006

---

**20. CONTINGENT LIABILITIES**

a) The terms of certain contracts with other football clubs in respect of the purchase of players' registrations include the payment of certain amounts upon fulfilment of a specific number of appearances in the future, which amount to £514,004 (2005 - £1,865,005). Similar terms exist in contracts for the sale of players' registrations but the directors consider that the likely future effect on the accounts is not significant.

b) The company is party to a cross guarantee and debenture over its assets to secure balances due to bankers by other group companies. At 30 June 2006 the contingent liability is £1,961 (2005: £2,800,000).

**21. CAPITAL COMMITMENTS**

At 30 June 2006 the company had capital commitments as follows:

	2006 £	2005 £
Contracted for but not provided in these financial statements	-	102,915

**22. OPERATING LEASE COMMITMENTS**

At 30 June 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2006 £	2005 £	2006 £	2005 £
Expiry date:				
Between 2 and 5 years	40,000	40,000	-	-

**23. TRANSACTIONS WITH DIRECTORS AND RELATED PARTY TRANSACTIONS**

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

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from the requirement to disclose related party transactions with other group companies on the grounds that group accounts are prepared.

**24. POST BALANCE SHEET EVENTS**

Since 30 June 2006 the Club has acquired players registrations at a total cost of £735,000 (2005 - £9,820,000).

**25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's ultimate parent company is West Bromwich Albion Holdings Limited, a company registered in England and Wales. West Bromwich Albion Limited is the intermediate parent company. The ultimate parent company has prepared group financial statements for the period and these are available at The Hawthorns, West Bromwich, West Midlands.