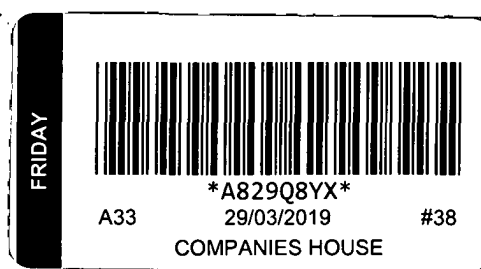


West Bromwich Albion Football Club Limited

Annual Report and Financial Statements for the year ended 30 June 2018

Registered number: 03295063



West Bromwich Albion Football Club Limited

Directors and advisers

Directors

P Y Li
M J Jenkins
K Xu
S Carrington
M Miles

Registered number

03295063

Registered office

The Hawthorns
West Bromwich
West Midlands
B71 4LF

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Strategic report for the year ended 30 June 2018

Introduction

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

Business review

During the 2017/18 season, West Bromwich Albion Football Club competed in the Barclays Premier League for the eighth consecutive season and for the twelfth in sixteen years.

The Club accumulated 31 points from six wins and thirteen draws and despite a good run of form in the final games of the season, including a home win against Tottenham, an away win at Manchester United and a draw at home to Liverpool, the Club finished in twentieth position and was relegated from the Premier League to the Championship.

The Football Club has made a loss before tax for the 2017/18 year of £7.4m, compared to a profit before tax of £39.8m in 2016/17. This is a significant decrease year on year, which can be mainly attributed to:

- Media Related Activity income which decreased by £16.8m, with the reduced merit award received for finishing 20th in the campaign compared to 10th in the prior year.
- The Club spending more on its playing squad than in any previous Season with player additions totalling £46.0m. This led to an increase in amortisation for the year of £8.2m to £25.4m, and an increase in the Clubs total wage bill of £13.2m to £92.2m.

Principal risks and uncertainties

The board is aware of the risks which affect the company. It has analysed previous seasons spent in the Premier League and Championship and has tried to implement lessons learnt from this experience. The long term policy of the Club is to return to the Premier League and improve its infrastructure year on year.

Credit and liquidity risk are the main financial risks faced by the company. Credit risk is mitigated by implementing effective credit control procedures on trade and other debtors. Liquidity Risk is mitigated by running detailed cash flow forecasts and budgets, enabling Management to make effective decisions in a timely manner.

Strategic report (continued) for the year ended 30 June 2018

Key performance indicators

	Year ended 30 June 2018	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015	Year ended 30 June 2014
League	Premier League	Premier League	Premier League	Premier League	Premier League
Turnover	£124.8m	£137.9m	£98.3m	£96.3m	£86.8m
Operating profit/(loss) before player trading	£11.9m	£43.8m	£11.4m	£12.9m	£8.3m
Profit/(loss) before tax	(£7.4)m	£39.8m	£1.2m	£3.7m	£12.8m
League position	20th	10th	14th	13th	17th
Points	31	45	43	44	36
Average attendance	24,500	23,900	24,600	25,100	25,200
Season ticket holders	17,350	16,750	17,925	18,300	19,200

This report was approved by the board on 12 December 2018 and signed on its behalf.


M J Jenkins
Director

Directors' report for the year ended 30 June 2018

The directors present their report and the audited financial statements for the year ended 30 June 2018.

Future developments

Since the year end the Club has consolidated its position in light of relegation from the Premier League, with a view of retaining the majority of the playing squad in a bid to regain its Premier League status at the earliest opportunity.

Results and dividends

The loss for the year, after taxation, amounted to £5.8m (2017: profit of £32.3m).

No dividends were paid or are proposed for the year ended 30 June 2018 (2017 - £Nil).

Directors

The directors who served during the year were:

P Y Li

S Carrington

M Goodman Resigned 14 February 2018

M J Jenkins Appointed 14 February 2018

J O Williams Resigned 15 February 2018

R Garlick Resigned 3 August 2018

P C Band Resigned 30 September 2018

K Xu Appointed 22 October 2018

M Miles Appointed 22 October 2018

Director's responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006.

Directors' report for the year ended 30 June 2018

Going concern

As part of the procedures for finalisation of the financial statements the directors prepared profit and cash flow forecasts that showed that the Company would require an overdraft facility or other funding arrangements for at least part of the period January to July 2019. The Company has concluded an agreement in principle with its bank to provide a sufficient short term overdraft facility from mid December 2018 for the period required, secured against funds to be received from the Premier League in July 2019. At the date of approval of these financial statements this facility is not formally agreed but based on discussions with the bank the directors are comfortable that these facilities will be made available as required. In addition, the directors consider that if necessary they could actively manage cash flows in the short term such that the Company would not need an overdraft facility or other funding arrangements at any stage over the 12 months from the date of approval of these financial statements.

Furthermore, the directors have received confirmation from the group undertaking concerned that they will not seek repayment of the amount due to them within 12 months of the date of approval of the financial statements, unless sufficient funds are available to do so. As a result, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Employees

The Company continues its policy of keeping its employees informed on a regular basis of matters concerning them as employees and on financial and economic factors affecting the performance of the Company.

Disabled persons

The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to applications for employment made by such persons, having regard to their particular aptitudes and abilities. Any employee who becomes disabled is encouraged to remain in the Company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available and any necessary training is arranged.

Disabled employees are treated equally with all employees in respect of their eligibility for training, career development and promotion.

Post balance sheet events

Since 30 June 2018 the Club has purchased and sold players registrations at a total initial cost of £11.8m (2017: £41.0m) and for proceeds of £16.4m (2017: £3.5m)

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

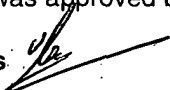
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

On 25 May 2018 BDO LLP resigned and PricewaterhouseCoopers LLP were appointed as auditors. The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 December 2018 and signed on its behalf.

M J Jenkins
Director



Independent auditors report to the members of West Bromwich Albion Football Club Limited

Report on the audit of the financial statements

Opinion

In our opinion, West Bromwich Albion Football Club Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 30 June 2018; the profit and loss account; the statement of cash flows; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors report to the members of West Bromwich Albion Football Club Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

12 December 2018

Profit and loss account for the year ended 30 June 2018

	Note	Operations excluding player amortisation and trading	Player amortisation and trading	2018 Total	2017 Total
		£'000	£'000	£'000	£'000
Turnover	4	124,762	-	124,762	137,949
Operating Expenses		(112,825)	(25,364)	(138,189)	(112,241)
Profit on disposal of players registrations		-	5,831	5,831	13,930
Operating profit / (loss)	5	11,937	(19,533)	(7,596)	39,638
Interest receivable	9			222	161
(Loss) / profit on ordinary activities before taxation				(7,374)	39,799
Taxation	10			1,619	(7,510)
(Loss) / profit for the financial year				(5,755)	32,289

The results derive wholly from continuing operations of the Company.

There are no recognised gains and losses other than those included above. Accordingly, no statement of other comprehensive income is presented.

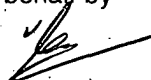
Player trading includes fees received for players out on loan, as well as amortisation, impairment and profit on disposal of players' registrations.

Balance Sheet as at 30 June 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	11	57,011	38,324
Tangible assets	12	21,346	20,943
Investment property	13	2,232	2,232
		<u>80,589</u>	<u>61,499</u>
Current assets			
Stocks	14	736	682
Debtors: amounts falling due after more than one year	15	5,077	10,250
Debtors: amounts falling due within one year	15	22,953	17,018
Cash at bank and in hand		9,141	39,459
		<u>37,907</u>	<u>67,409</u>
Creditors: amounts falling due within one year	16	(61,805)	(73,398)
Net current liabilities		<u>(23,898)</u>	<u>(5,989)</u>
Total assets less current liabilities		<u>56,691</u>	<u>55,510</u>
Creditors: amounts falling due after more than one year	17	(11,955)	(5,919)
Provisions for liabilities			
Deferred tax	19	(4,300)	(3,400)
Net assets		<u><u>40,436</u></u>	<u><u>46,191</u></u>
Capital and reserves			
Revaluation reserve	21	3,816	3,908
Investment property revaluation reserve	21	(575)	(575)
Profit and loss account	21	37,195	42,858
Total shareholders' funds		<u><u>40,436</u></u>	<u><u>46,191</u></u>

The financial statements on pages 8 to 32 were approved by the Board of Directors on 12 December 2018 and signed on its behalf by

M J Jenkins
Director



The notes on pages 13 to 32 form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2018

	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2017	3,908	(575)	42,858	46,191
Comprehensive loss for the year				
Loss for the year	-	-	(5,755)	(5,755)
Transfer to profit and loss reserves for depreciation on revaluation gains of property	(92)	-	92	-
Total transfers between reserves	(92)	-	92	-
Total comprehensive loss for the year	(92)	-	(5,663)	(5,755)
At 30 June 2018	3,816	(575)	37,195	40,436

Statement of changes in equity for the year ended 30 June 2017

	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2016	4,000	(218)	10,120	13,902
Comprehensive income for the year				
Profit for the year	-	-	32,289	32,289
Transfer to profit and loss reserves on realisation of revaluation gains of property	-	-	92	92
Transfer from revaluation reserve on realisation of revaluation gains of property	(92)	-	-	(92)
Transfer from profit and loss reserves on revaluation of investment property	-	(357)	-	(357)
Transfer to investment property reserves on revaluation of investment property	-	-	357	357
Total transfers between reserves	(92)	(357)	449	-
Total comprehensive income for the year	(92)	(357)	32,738	32,289
At 30 June 2017	3,908	(575)	42,858	46,191

The notes on pages 13 to 32 form part of these financial statements.

Notes to the Financial Statements for the year ended 30 June 2018

Statement of cashflows for the year ended 30 June 2018

	2018 £000	2017 £000
Cash flows from operating activities		
(Loss)/Profit for the financial year	(5,755)	32,289
Adjustments for:		
Amortisation and impairment of players' registrations	25,364	18,077
Depreciation of tangible assets	1,324	1,126
Profit on disposal of player registrations	(5,831)	(13,930)
Profit on disposal of tangible assets	(75)	-
Interest received	(222)	(161)
Taxation (credit)/charge	(1,619)	7,510
(Increase) in stocks	(54)	(219)
Decrease/(increase) in debtors	3,157	(1,705)
(Increase)/decrease in amounts owed by group undertakings	(216)	109
(Decrease)/increase in creditors	(6,530)	452
Increase in amounts owed to group undertakings	-	1,277
Revaluation of investment property	-	484
Net cash generated from operating activities	9,543	45,309
Corporation tax paid	(2,675)	(2,464)
Cash flows from investing activities		
Purchase of player registrations	(41,728)	(30,174)
Sale of player registrations	5,972	13,142
Purchase of tangible fixed assets	(1,730)	(723)
Sale of tangible fixed assets	78	-
Purchase of investment properties	-	(114)
Interest received	222	161
Net cash from investing activities	(37,186)	(17,708)
Net (decrease)/increase in cash and cash equivalents	(30,318)	25,137
Cash and cash equivalents at beginning of year	39,459	14,322
Cash and cash equivalents at the end of year	9,141	39,459
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	9,141	39,459

Notes to the Financial Statements for the year ended 30 June 2018

1. General information

West Bromwich Albion Football Club Limited is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is shown on the company information page.

The financial statements are prepared for the year ended 30 June 2018 (2017: year ended 30 June 2017).

The company's ultimate parent company is Yunyi Guokai (Shanghai) Sports Development Limited, a company registered in China. The highest company for which Group financial statements as at 30 June 2018 have been prepared is West Bromwich Albion Holdings Limited, a company incorporated in England and Wales.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company has taken advantage of the exemption not to include key management personnel information.

The following principal accounting policies have been applied:

2.2 Going concern

As part of the procedures for finalisation of the financial statements the directors prepared profit and cash flow forecasts that showed that the Group would require an overdraft facility or other funding arrangements for at least part of the period January to July 2019. The Group has concluded an agreement in principle with its bank to provide a sufficient short term overdraft facility from mid December 2018 for the period required, secured against funds to be received from the Premier League in July 2019. At the date of approval of these financial statements this facility is not formally agreed but based on discussions with the bank the directors are comfortable that these facilities will be made available as required. In addition, the directors consider that if necessary they could actively manage cash flows in the short term such that the Group would not need an overdraft facility or other funding arrangements at any stage over the 12 months from the date of approval of these financial statements.

Furthermore, the directors have received confirmation from the group undertaking concerned that they will not seek repayment of the amount due to them within 12 months of the date of approval of the financial statements, unless sufficient funds are available to do so. As a result, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Notes to the Financial Statements for the year ended 30 June 2018

2. Accounting policies (continued)

2.3 Turnover

Turnover represents all income arising from the activities of the company excluding player transfer fees and Value Added Tax. Included within turnover are Premier League receipts, net gate receipts, merchandising/retail receipts, sponsorship and advertising receipts, conferencing and events receipts and other income.

Premier League income is recognised in full in the season to which it relates.

Season tickets and Seasonal hospitality income is recognised over the season to which they relate and released over the home matches played.

Sponsorship and advertising income is recognised over the duration of the contract. Dependent on the terms of the contract this can be spread on a match to match or straight line basis.

Net gate receipts, including match day hospitality receipts, are recognised on the relevant match date.

Conference and event income is recognised on the date of the event.

Retail income is recognised at the point of sale.

2.4 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. Contingent consideration is recognised when the defined events have been triggered. Provision is made where, in the opinion of the directors, an impairment of the carrying value of the players' registrations has occurred.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Notes to the Financial Statements for the year ended 30 June 2018

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land	- Nil
Freehold property	- 2% to 20% straight line
Fixtures, fittings, plant & equipment	- 2% to 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

2.6 Revaluation of tangible fixed assets

The company applied the transitional arrangements of Section 35 of FRS 102 and used a previous valuation as the deemed cost for certain freehold property. The properties are being depreciated from the valuation date. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings.

2.7 Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the Profit and loss account.

2.8 Stocks

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

At each balance sheet date, stocks are assessed for impairment. Any impairment loss is recognised immediately in the Profit and loss account.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements for the year ended 30 June 2018

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and amounts owed by or to group undertakings.

Basic financial instruments (other than those wholly repayable or receivable within one year), are measured at amortised cost, using the effective interest method. The effective interest rate is the rate which exactly discounts the estimated future payments or receipts over the life of the instrument to its carrying amount at initial recognition, re estimated periodically to reflect changes in the market rate of interest. Basic financial instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

Notes to the Financial Statements for the year ended 30 June 2018

2. Accounting policies (continued)

2.14 Operating leases

Rentals paid under operating leases are charged to the Profit or loss on a straight line basis over the period of the lease.

2.15 Pensions

Defined contribution pension plan

The Company operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plans are held separately from the Company in independently administered funds.

2.16 Provisions for liabilities

Provisions are recognised where an event has taken place that gives the Company a legal or constructive obligation where settlement by a transfer of economic benefit is probable, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Notes to the Financial Statements for the year ended 30 June 2018

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.18 Grants

Grants in respect of capital expenditure are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned.

Grants relating to expenditure arising out of the provisions of the Safety of Sports Grounds Act 1975 are credited to the profit and loss in the same period in which the expenditure is charged.

2.19 Heritage Assets

The Club holds a collection of football memorabilia which is not recognised in the Balance Sheet as cost information is not readily available and the directors believe that the benefits of obtaining valuations for these items would not justify the cost. The memorabilia has been built up over many years through existing items from the Club, donations and occasional acquisitions. The Club draws upon the collection for display in the stadium. The directors are of the opinion, that should a valuation for the collection be obtained, that the valuation would not be material in the context of these accounts and is incidental to the main activity of the Club. Consequently further disclosures under FRS102 in respect of Heritage Assets are not deemed necessary.

Notes to the Financial Statements for the year ended 30 June 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies as described in note 2, the Company's Management are required to exercise judgment and make estimates and assumptions concerning the Company's future.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors considered relevant, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors have made the following key judgments, estimates or assumptions:

Tangible assets, depreciation and residual values

The Directors have reviewed the estimates for useful lives and associated residual values of all tangible asset classes and have concluded that useful lives and residual values are appropriate.

The useful lives of the assets and residual values are assessed regularly and may vary depending on a number of factors. Residual value and useful life assessments consider issues such as future market conditions, the remaining life of the asset and potential disposal values.

Intangible assets, amortisation and residual values

The Directors have reviewed the estimates for useful lives and associated residual values of all intangible asset classes and have concluded that asset lives and residual values are appropriate.

The useful lives of the assets and residual values are assessed regularly and may vary depending on a number of factors. In re-assessing useful lives, factors such as player health and fitness are taken into account. Residual value assessments consider issues such as future market conditions, current league status retention, the remaining life of the asset and the net present value of future cashflows.

Impairment of non-current assets

The Company assesses the impairment of tangible and intangible assets subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Significant underperformance relative to historical or projected future operating results, including relegation from the current league;
- Significant damage or, in the context of players, significant injury;
- Significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

Notes to the Financial Statements for the year ended 30 June 2018

4. Turnover

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

	2018 £000	2017 £000
Gate receipts	7,434	6,769
Merchandising	2,522	2,826
Media related activities	101,979	118,739
Other commercial income	12,827	9,615
	<u>124,762</u>	<u>137,949</u>

All turnover arose within the United Kingdom, and relates to the principal activity.

The Company only recognises one segment, being football operations, therefore no further segmental information is provided.

5. Operating profit / (loss)

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

	2018 £000	2017 £000
Depreciation of tangible fixed assets	1,324	1,126
Amortisation of player registrations	25,364	17,143
Impairment of intangible assets	-	934
(Profit) / loss on disposal of tangible fixed assets	(75)	-
Stock recognised as an expense	1,258	1,436
Impairment of stocks	9	-
Impairment of trade debtors	-	35
Operating lease rentals - land and property	<u>99</u>	<u>118</u>

Notes to the Financial Statements for the year ended 30 June 2018

6. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>31</u>	<u>27</u>
Fees payable to the Company's auditor in respect of:		
Audit-related assurance services	10	13
Taxation compliance services	9	6
Tax advisory services	-	1
All other assurance services	-	2
All other services	7	-
	<u>26</u>	<u>22</u>

The fees above include amounts paid on behalf of the Group, of which West Bromwich Albion Football Club Limited is a member.

Notes to the Financial Statements for the year ended 30 June 2018

7. Employees

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

	2018 £000	2017 £000
Wage and salaries	82,613	69,779
Social security costs	9,415	9,071
Other pension costs	173	138
	<u>92,201</u>	<u>78,988</u>

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

	2018 No.	2017 No.
First Team Players and Coaching	65	58
Scholars and Youth coaching	79	74
Administration and Commercial	79	66
Ground Staff	21	23
	<u>244</u>	<u>221</u>

In addition to the above the Club also employs an average of 216 (2017: 209) temporary staff.

8. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	1,124	1,253
Company contributions to defined contribution pension schemes	52	49
	<u>1,176</u>	<u>1,302</u>

During the year retirement benefits were accruing to 5 directors (2017: 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £219,000 (2017: £262,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,000 (2017: £nil).

Notes to the Financial Statements for the year ended 30 June 2018

9. Interest receivable

	2018 £000	2017 £000
Other interest receivable	222	161
	<u>222</u>	<u>161</u>

10. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on (loss)/profit for the year	(1,499)	5,746
Adjustments in respect of previous periods	(1,020)	(36)
Total current tax	<u>(2,519)</u>	<u>5,710</u>
Deferred tax		
Origination and reversal of timing differences	3	(182)
Roll over relief on player registration timing differences	(663)	2,450
Other player registration timings differences	825	(468)
Prior year adjustments	735	
Total deferred tax	<u>900</u>	<u>1,800</u>
Taxation on loss on ordinary activities	<u>(1,619)</u>	<u>7,510</u>

Notes to the Financial Statements for the year ended 30 June 2018

10. Taxation (continued)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.75%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	<u>(7,374)</u>	<u>39,799</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.75%)	(1,401)	7,860
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	144	100
Fixed asset differences	-	5
Adjustments to tax charge in respect of prior periods	(285)	(36)
Group relief surrendered	-	(25)
Effect of change in tax rates	(77)	(394)
Total tax credit for the year	<u>(1,619)</u>	<u>7,510</u>

Factors that may affect future tax charges

Legislative changes have been announced which will eventually reduce the main rate of corporation tax of 19% to 17% thus reducing the overall tax charge of future years. The change will be effective for periods beginning on or after 1 April 2020 when the rate reduces to 17%.

Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind.

Certain players' registrations which have subsequently been sold have been dealt with under the intangible asset rollover regime resulting in a deferment of the liability into new player registrations.

Notes to the Financial Statements for the year ended 30 June 2018

11. Intangible assets

	Player registrations £000
Cost	
At 1 July 2017	75,415
Additions	45,947
Disposals	(14,230)
At 30 June 2018	<u>107,132</u>
Amortisation	
At 1 July 2017	37,091
Charge for the year	25,364
On disposals	(12,334)
At 30 June 2018	<u>50,121</u>
Net book value	
At 30 June 2018	<u><u>57,011</u></u>
At 30 June 2017	<u><u>38,324</u></u>

Notes to the Financial Statements for the year ended 30 June 2018

12. Tangible fixed assets

	Freehold property £000	Fixtures, fittings, plant & equipment £000	Total £000
Cost or valuation			
At 1 July 2017	29,243	6,739	35,982
Additions	92	1,638	1,730
Disposals	-	(1,137)	(1,137)
At 30 June 2018	<u>29,335</u>	<u>7,240</u>	<u>36,575</u>
Depreciation			
At 1 July 2017	9,289	5,750	15,039
Charge for the year on owned assets	627	697	1,324
Eliminated on disposal	-	(1,134)	(1,134)
At 30 June 2018	<u>9,916</u>	<u>5,313</u>	<u>15,229</u>
Net book value			
At 30 June 2018	<u>19,419</u>	<u>1,927</u>	<u>21,346</u>
At 30 June 2017	<u>19,954</u>	<u>989</u>	<u>20,943</u>

Notes to the Financial Statements for the year ended 30 June 2018

13. Investment property

	Freehold investment property £000	Long term leasehold investment property £000	Total £000
Valuation			
At 1 July 2017 and 30 June 2018	1,200	1,032	2,232

On 21 June 2017 three of the investment properties held were professionally valued by Chartered Surveyors, on an open market value for existing use basis.

The 2018 valuations for the investment properties were updated by the Directors, on a consistent basis.

14. Stocks

	2018 £000	2017 £000
Goods for resale	736	682
	736	682

There is no material difference between the replacement cost of stocks and the amounts stated above.

Stocks are stated after provisions for impairment of £9,000 (2017: £nil).

Notes to the Financial Statements for the year ended 30 June 2018

15. Debtors

	2018 £000	2017 £000
Due after more than one year		
Amounts receivable in respect of player transfers	5,077	10,250
	<u>5,077</u>	<u>10,250</u>
Due within one year		
Trade debtors	574	654
Amounts receivable in respect of player transfers	10,094	3,166
Amounts owed by group undertakings	6,873	7,089
Other debtors	777	1,531
Corporation tax	1,948	-
Prepayments and accrued income	2,687	4,578
	<u>22,953</u>	<u>17,018</u>

Trade debtors are stated after provisions for impairment of £121,000 (2017: £121,000)

Amounts totalling £3,095,000 owed by group undertakings are unsecured, payable on demand and interest free. Amounts totalling £3,778,000 are unsecured, payable on demand and accrue interest at the Bank of England's Base rate + 5%.

16. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	695	2,750
Amounts payable in respect of player transfers	16,990	18,873
Deferred grants	67	67
Amounts owed to group undertakings	23,733	23,734
Corporation tax	-	3,246
Other taxation and social security	6,338	13,217
Other creditors	185	187
Accruals and deferred income	13,797	11,324
	<u>61,805</u>	<u>73,398</u>

Amounts owed to group undertakings are unsecured, have no fixed date for repayment and are all repayable on demand. The directors do not expect to make substantial repayment of the amounts owed to group undertakings within 12 months following approval of these financial statements.

Notes to the Financial Statements for the year ended 30 June 2018

17. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Amounts payable in respect of player transfers	10,627	4,525
Deferred grants	1,328	1,394
	<u>11,955</u>	<u>5,919</u>

18. Financial instruments

	2018 £000	2017 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	5,077	10,250
Financial assets that are measured at undiscounted amount receivable	28,370	54,099
	<u>33,447</u>	<u>64,349</u>

Financial liabilities

Financial liabilities measured at amortised cost	10,627	4,525
Financial liabilities that are measured at undiscounted amount payable	47,621	50,947
	<u>58,248</u>	<u>55,472</u>

Financial assets measured at undiscounted amount of the cash or other considerations, expected to be paid or received comprise cash at bank, trade debtors, amounts receivable in respect of player transfers within one year, other debtors, accrued income and amounts owed by group undertakings.

Financial assets measured at amortised cost comprise amounts receivable in respect of player transfers falling due after more than one year.

Financial liabilities measured at undiscounted amount payable comprise trade creditors, amounts payable in respect of player transfers within one year, amounts due to group undertakings, other creditors and accruals.

Financial liabilities measured at amortised cost comprise amounts payable in respect of player transfers falling due after more than one year.

Notes to the Financial Statements for the year ended 30 June 2018

19. Deferred taxation

	2018 £000
At beginning of year	3,400
Charged to profit or loss	900
At end of year	<u>4,300</u>

The provision for deferred taxation is made up as follows:

	2018 £000	2017 £000
Player registration timing differences	4,315	3,800
Other timing differences	(15)	(400)
	<u>4,300</u>	<u>3,400</u>

Included within the deferred tax provision is £126,360 (2017: £126,360) in respect of deferred tax recognised on the revaluation of the investment property.

20. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted and fully paid		
2 ordinary shares of £1 each (2016: 2 ordinary shares of £1 each)	<u>2</u>	<u>2</u>

21. Reserves

Revaluation reserve

The revaluation reserve represents amounts revalued in relation to freehold property.

Investment property revaluation reserve

The investment property revaluation reserve represents amounts revalued in relation to investment property net of deferred tax recognised on the revaluation.

Profit & loss account

The profit and loss account reserve represents all current and prior period cumulative profits and losses.

Notes to the Financial Statements for the year ended 30 June 2018

22. Contingent liabilities

a) The terms of certain contracts with other football clubs in respect of the transfer of players' registrations include the payment of certain amounts upon fulfilment of a specific number of appearances in the future, or the occurrence of future events, which amounts to £8.7m (2017: £5.7m).

b) The company is party to a cross guarantee and debenture over its assets to secure balances due to bankers by other group companies.

23. Capital commitments

At 30 June 2018 the Company had capital commitments as follows:

	2018 £000	2017 £000
Fixtures and fittings		
Contracted for but not provided in these financial statements	-	583
	<u>-</u>	<u>583</u>

24. Pension commitments

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £173,435 (2017: £138,033). Contributions totalling £28,418 (2017: £18,133) were payable to the funds at the balance sheet date and are included in creditors.

West Bromwich Albion Football Club Limited

Notes to the Financial Statements for the year ended 30 June 2018

25. Commitments under operating leases

At 30 June 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	557	727
Later than 1 year and not later than 5 years	38	595
Total	595	1,322

26. Related party transactions

The company has taken advantage of FRS102 Section 33.1A exemption from disclosing transactions with group undertakings where it is eligible to do so.

27. Post balance sheet events

Since 30 June 2018 the Club has purchased and sold players registrations at a total initial cost of £11.8m (2017: £41.0m) and for proceeds of £16.4m (2017: £3.5m)

28. Controlling party

The company's ultimate parent company is Yunyi Guokai (Shanghai) Sports Development Limited, a company registered in China. The highest company for which Group financial statements are available is West Bromwich Albion Holdings Limited, a company incorporated in England and Wales. These accounts can be obtained from Companies House. The company's immediate parent company is West Bromwich Albion Group Limited, a company incorporated in England and Wales.

The ultimate controlling party of Yunyi Guokai (Shanghai) Sports Development Limited is G Lai.