

**West Bromwich Albion Football Club Limited**

**Annual Report and Financial Statements  
for the 11-month period ended 30 June 2021**

Registered number: 03295063



**West Bromwich Albion Football Club Limited**

**Directors and advisers**

**Directors**

K Xu  
M Miles  
R Gourlay  
G Lai

**Registered number**

03295063

**Registered office**

The Hawthorns  
West Bromwich  
West Midlands  
B71 4LF

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
One Chamberlain Square  
Birmingham  
B3 3AX

## Strategic report for the 11-month period ended 30 June 2021

### Introduction

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

### Business review

The financial statements for the period ended 30 June 2021 cover 11 months in which the Club competed in the English Premier League. The Club finished in 19th position with 26 points which unfortunately resulted in relegation from the English Premier League into the English Football League Championship.

Financially, turnover increased from £53.7m to £106.9m due to increased English Premier League distributions and sponsorship income. However, the ongoing COVID-19 pandemic had a significant adverse impact on the Club's revenue. As a result of COVID-19, all of the Club's home matches this season, prior to the final home match vs West Ham United which was restricted to no more than 25% capacity, were played behind closed doors. After analysing historical precedent and pre-COVID forecast expectation the Directors have estimated and summarised the financial impact of the COVID-19 pandemic over the 2 seasons 2019/20 and 2020/21 in the table below:

	2019/20 £000	2020/21 £000	Total £000
Premier League central revenue rebates and reductions	2,100	8,374	10,474
Match day revenues net of costs saved by playing games behind closed doors	1,303	7,543	8,846
Non-match day hospitality and events revenue reduction	168	552	720
Business property rates relief claimed	(808)	(797)	(1,605)
Staff furlough claimed	(473)		(473)
Business interruption insurance claim received	-	(2,500)	(2,500)
<b>Total</b>	<b>2,763</b>	<b>13,172</b>	<b>15,935</b>

Staff costs increased to £76.9m (period ended 31 July 2020: £66.9m), with the increase predominantly driven by the contractual salary increase in the English Premier League due to first team players and coaching staff.

Player amortisation cost for the period was £25.4m compared with £20.1m in the previous period shows the continuous investment into the playing squad. During the summer transfer window, the Club secured the permanent transfers of players including Karlan Grant, Matheus Pereira, Grady Diangana, David Button and Cedric Kipre. The Club also acquired Robert Snodgrass during the winter transfer window.

Overall, the company made a profit before tax for the period of £0.1m (period ended 31 July 2020: Loss of £23.4m) despite the financial impact attributable to the COVID-19 pandemic. The Club continuously maintained a solid financial position, and fully committed to secure our return to the English Premier League at the earliest opportunity

The Club has seen an overall net decrease in cash of £11.6m (period ended 31 July 2020: Net increase in cash of £13.0m), which is mainly attributed to a net outflow of £20.8m in player transfers (period ended 31 July 2020: Net inflow of £12.1m). Net operating cash flow increased to £14.3m this season in comparison with £1.6m in season 2019/20 mainly due to higher broadcasting income received from the English Premier League. The Club continues to re-base itself and maintain financial sustainability after relegation from the English Premier League.

The Club and its official charity partner The Albion Foundation continued during the 2020/21 season to support the local community through the challenges of the COVID-19 pandemic. A food distribution hub was created in the East Stand concourse of the Hawthorns Stadium and delivered more than 100,000 weekly food parcels to the most disadvantaged. The Club, Foundation and Former Players Association also joined forces to make more than 4,000 phone calls to elderly and isolated people during the season.

## **Strategic report for the 11-month period ended 30 June 2021**

### **Statement by the Directors on performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The board of directors of West Bromwich Albion Football Club Limited believe, both individually and as a collective, that they have acted in the best interests of the company in the decisions taken in the period to 30<sup>th</sup> June 2021. This is achieved through regular contact (verbal and written) with each other and, where relevant, the views and recommendations of members of the Senior Management Team and/or external advisors (where necessary) are taken into consideration.

#### The likely consequences of any decision in the long term

The directors consider all the potential impacts and risks for the Club, supporters, employees, the local community, suppliers and the governing authorities when making decisions, believed to be in the best interest of the company and its shareholders.

All decisions are designed to promote success on the pitch, whether this be promotion from the English Football League (EFL) to the English Premier League (EPL) or the work undertaken to build a playing squad capable of retaining its Premier League status. The relative short-term nature of these goals is tempered by the Club's commitment to remain financially stable. No decision will be taken where it is thought that it may jeopardise the long-term future of the company and its ability to function efficiently and effectively.

#### The interests of the company's employees

The Club's employees are fundamental to the successful operations of the company, regardless of their role or where they are based. The Club and Board of Directors are fully committed to equality, diversity and inclusion objectives and will ensure this is cascaded down to all departments of the Club. The Health and Safety of the Club's employees continues to be a key focus as is ensuring the mental well-being of all employees. As well as now having fully trained mental health first aiders, the Club has provided all employees with 24/7 access to relevant information and support lines. This has proved to be invaluable during the COVID-19 pandemic.

#### The need to foster the company's relationships with suppliers, customers, and others

As a company we work closely with the business community across the local area in terms of using services, procuring goods, and providing conferencing facilities for them to use. Where possible, the company aims to support the local economy and recognises the need to be socially responsible. The company has good working relationships with key stakeholders, particularly our principal club sponsors, as well as the English Premier League, the English Football League and the Football Association.

The Club's supporters are also of particular importance. Unfortunately, all of the Club's home matches this season, prior to the final home match of the season vs West Ham United, were played behind closed doors during the COVID-19 pandemic. However, the Club continues to produce content covering all aspects of the Club which is distributed across our digital channels so as to keep our supporters connected and informed. The company ensures all facilities are maintained to a high standard and regularly engages in dialogue with supporters. This relationship is predominantly maintained through the Albion Assembly and the Club held its first in-person meeting with the supporters since lockdown on 7<sup>th</sup> February 2022. The newly appointed Chief Executive Officer Ron Gourlay was in attendance and met with supporters.

## **Strategic report for the 11-month period ended 30 June 2021**

**Statement by the Directors on performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)**

### The impact of the company's operations on the community and the environment

The company supports and works alongside The Albion Foundation, its charitable arm and official charity partner, to provide a number of initiatives to the local community. The Albion Foundation utilises the company's access to Premier League funds, the company's brand, and the power of football to deliver excellence in Wellbeing, Behaviour Change and Active Lifestyles to the local community. The company currently has three senior members of staff that serve as trustees to The Albion Foundation.

The company takes its environmental responsibilities very seriously and has recently developed several policies, along with a single use working group, to minimise its impact on the environment. It has recently embraced both the ESOS and SECR processes as it looks to reduce energy usage across all operations.

### The desirability of the company maintaining a reputation for high standards of business conduct

The very nature of the company's business means that it is high profile and generates significant interest, locally, nationally, and internationally. This makes it extremely important that the company maintains and conducts all its business to a very high standard. The directors have developed policies and frameworks to ensure this goal is met and when matters are identified or reported they are appropriately investigated, and actions taken as necessary.

### The need to act fairly as between members of the group

All decisions are made with the benefit of the company at the fore and therefore they are for the benefit of all members of the group.

### **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 these experiences. The long-term policy of the Club is to maintain itself in 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.

The Board also actively monitors and considers the role of the Financial Fair Play ('FFP') regulations in how it operates. These regulations require that the Board considers all aspects of how any player transfer or wage agreements entered into are beneficial to the Club in the long-term as well as the short-term. The Club remains compliant with the Financial Fair Play regulations in 2020/21 season. The Management of the Club will continue to review forecast compliance with Financial Fair Play regulations, and the directors believe they will remain compliant for the 2021/22 season.

## Strategic report for the 11-month period ended 30 June 2021

### Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR)

Below is our streamlined energy and carbon reporting data for the current reporting period ended 30 June 2021:

	Year Ended 30 June 2021	*Year Ended 30 June 2020
Total energy use covering electricity, gas, other fuels and transport	4,435,877	4,689,368 kWh
Total emissions generated through combustion of gas	310	352 tCO <sub>2</sub> e
Total emissions generated through use of purchased electricity	596	687 tCO <sub>2</sub> e
Total emissions generated through use of other fuels	230	130 tCO <sub>2</sub> e
Total emissions generated through business travel	47	81 tCO <sub>2</sub> e
Total gross emissions	1,183	1,250 tCO <sub>2</sub> e
Intensity ratio (total gross emissions) by square foot Club premises	5.47	5.77 kgCO <sub>2</sub> e

\*Note that comparative figures for Reporting Year Ended 30 June 2020 have been restated to reflect an update to Government GHG reporting conversion factors that were not in effect during that period but are now in effect during the Reporting Year Ended 30 June 2021. The square footage of Club premises has also been restated and this change is now reflected in the comparative results.

The Club has continued to implement various policies during and after the reporting period with the purpose of increasing the energy efficiency of the Club. This includes upgrading to LED lighting and fitting light sensors.

The Club is committed to responsible energy management and will continue to practice energy efficiency. The Club recognises that climate change is a serious environmental challenge currently threatening the global community and we understand we all have a role to play in reducing greenhouse gas emissions.

The above has been compiled using SECR methodology (as specified in "Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting") used in conjunction with Government GHG reporting conversion factors.

## Strategic report for the 11-month period ended 30 June 2021

### Key performance indicators

	Period ended 30 June 2021	Period ended 31 July 2020	Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2017
League	Premier League	Championship	Championship	Premier League	Premier League
Turnover	£106.9m	£53.7m	£70.8m	£124.8m	£137.9m
Operating profit/(loss) before player trading	£21.1m	(£27.0m)	£6.3m	£11.9m	£43.8m
Profit/(loss) before tax	£0.1m	(£23.4m)	(£6.6m)	(£7.4m)	£39.8m
League position	19th	2nd	4th	20th	10th
Points	26	83	80	31	45
Average attendance	N/A*	24,100	24,100	24,500	23,900
Season ticket holders	N/A**	17,650	17,750	17,350	16,750

\*Due to COVID-19 restrictions enforced both locally and nationally 18 of 19 home league fixtures were played behind closed doors. The final home league game of the season did see fans back at The Hawthorns but this was restricted to a maximum of 25% of stadium capacity.

\*\*Season tickets that were sold ahead of the 2020/21 season were either refunded to fans or rolled over to be used against future purchases. No season ticket income has been recognised in 2020/21.

This report was approved by the board on 29<sup>th</sup> March 2022 and signed on its behalf.

K Xu  
Director



## **Directors' report for the 11-month period ended 30 June 2021**

The directors present their report and the audited financial statements for the 11-month period ended 30 June 2021.

### **Future developments**

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

### **Results and dividends**

The profit for the period, after taxation, amounted to £0.5m (for the period ended 31 July 2020: loss of £20.7m). No dividends were paid or are proposed for the period ended 30 June 2021 (for the period ended 31 July 2020: £Nil).

### **Directors**

The directors of the company who were in office during the period and up to the date of signing the financial statements were:

P Y Li (resigned 8<sup>th</sup> February 2022)  
M Jenkins (resigned 3<sup>rd</sup> August 2020)  
K Xu  
M Miles  
R Gourlay (appointed 8<sup>th</sup> February 2022)  
G Lai (appointed 8<sup>th</sup> February 2022)

### **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 11-month period ended 30 June 2021**

### **Going concern**

The Board acknowledges that the pressure on the financial operations of a Football Club is complex and far-ranging. In order to mitigate the risks the Board operates stringent budgeting and forecasting procedures, including profit and loss, balance sheet and cash flow forecasts, which are updated regularly and based on prudent assumptions. These forecasts are primarily focused on the next two seasons and operating a 'breakeven' position on the cash flow over that period.

The Company has a net current liabilities position at the period end, with an outflow of £11.6m of cash in the period.

In preparing the cashflow forecasts, a prudent base case scenario has been adopted based on the key assumptions that the Club remains in the EFL Championship for season 2022/23, it will receive no funding from its shareholders and the attendance of crowds at the stadium and relevant commercial income will remain at the same level as season 2021/22. Furthermore, the base forecasts also include a potential dividend pay-out to settle a £5m receivable provided to related party Wisdom Smart Corporation Limited in March 2021, and further settlement of a £2m loan borrowed by West Bromwich Albion Holdings Limited from Warmfront Holdings Limited in September 2021 and loaned to a related party, since the group are not budgeting to receive any of the £7m funds in the period to the end of next season. The Board will not commit the club to further liabilities in upcoming transfer windows without the source of funding for such liabilities being confirmed.

In addition, the cashflow forecast has been further stress tested by considering a severe but plausible downside scenario, and the Board has identified a number of actions they could take to mitigate any shortfall in funds that result through sale of assets, advancing future income and deferring future outgoings amongst others.

Without promotion to the English Premier League, season 2022/23 would represent the final year of parachute payments being received by the football club which were £39.8m in season 2021/22 and the club forecasts that it will need to undertake actions through player trading and reduced salary costs to mitigate the reduced income levels in season 2023/24.

The current Club forecasts give no indication that an overdraft facility or other funding arrangement is required at any stage over the 12 months from the date of approval of these financial statements in order for the Club to meet its liabilities as they fall due. However, where the introduction of such funding is to the benefit of the Club, it will be considered on its merits.

Based on the above the directors therefore have a reasonable expectation that the necessary cashflows will be available when required and the financial statements have therefore been prepared on a 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.

## **Directors' report for the 11-month period ended 30 June 2021**

### **Post balance sheet events**

Valerien Ismael left his position as Head Coach of the Club on 2 February 2022. Steve Bruce was appointed as First Team Manager on 3 February 2022.

Ron Gourlay was appointed as Chief Executive Officer of West Bromwich Albion Football Club Limited to replace Ke Xu on 2 February 2022. The controlling shareholder Lai Guochuan replaced Li Piyue as Chairman on the same day.

Since 30 June 2021 the Club has purchased and sold player registrations at a total initial cost of £6.1m (31 July 2020: £38.7m) and for proceeds of £19.3m (31 July 2020: £3.3m).

On 31 December 2021, WBAFC Holdings Limited, a company incorporated in Jersey was included into the group structure and became the immediate parent company of West Bromwich Albion Group Limited. WBAFC Holdings Limited's immediate parent company is West Bromwich Albion Holdings Limited.

On 8 September 2021, West Bromwich Albion Holdings Limited borrowed £2m from Warmfront Holdings Limited secured by 2.35% of its own shares and lent the proceeds onto a related party. The monthly interest rate is 0.3% with repayment due on 31 March 2022.

### **Disclosure of information to independent 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.

This report was approved by the board on 29<sup>th</sup> March 2022 and signed on its behalf.

**K Xu**  
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 2021 and of its profit and cash flows for the 11 month period 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 and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 June 2021; the Profit and loss account, the Statement of changes in equity and the Statement of cash flows for the period 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**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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.

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **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 period ended 30 June 2021 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the risk surrounding non-compliance with the Profit and Sustainability Rules (PSR) by the FA Premier League, Companies Act 2006 and tax regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to journal entries to improve the reported financial position or performance of the business and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

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

- discussions with management and the in house legal team in relation to known or suspected instances of non-compliance with laws and regulation and fraud, as well as discussions with the club's lawyers
- identifying and testing journal entries through a risk based approach, in particular any journal entries posted with unusual account combinations or posted by unexpected users
- testing significant estimates and judgements within the financial statements, through validating the underlying data and accuracy of the models utilised by management. Audit testing was performed through considering the prior accuracy of similar management estimates and reviewing post year end transactions.
- reviewing the financial statements for disclosures required by accounting standards and the Companies Act
- testing significant / unusual transactions (where material) for appropriate treatment within these financial statements
- performing unpredictable audit procedures which vary from year to year

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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 obtained 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  
31 March 2022

**Profit and loss account  
for the 11-month period ended 30 June 2021**

	Note	Operations excluding player amortisation and trading	Player amortisation and trading	For the period ended 30 June 2021 Total	For the period ended 31 July 2020 Total
		£'000	£'000	£'000	£'000
Turnover	4	106,934	-	106,934	53,745
Administrative expenses		(85,818)	(25,391)	(111,209)	(106,906)
Profit on disposal of player registrations		-	4,159	4,159	29,416
Operating profit/(loss)	5	21,116	(21,232)	(116)	(23,745)
Interest receivable and similar income	9			175	318
Profit/(loss) before taxation				59	(23,427)
Tax on loss	10			395	2,729
Profit/(loss) for the financial period				454	(20,698)

The results derive wholly from continuing operations of the Company.

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

## Balance Sheet as at 30 June 2021

	Note	As at 30 June 2021 £000	As at 31 July 2020 £000
<b>Fixed assets</b>			
Intangible assets	11	50,337	36,118
Tangible assets	12	18,970	19,951
Investment property	13	1,532	1,532
		<u>70,839</u>	<u>57,601</u>
<b>Current assets</b>			
Stocks	14	665	738
Debtors: amounts falling due after more than one year	15	700	615
Debtors: amounts falling due within one year	15	11,609	16,668
Cash at bank and in hand		2,615	14,193
		<u>15,589</u>	<u>32,214</u>
Creditors: amounts falling due within one year	16	(55,800)	(74,100)
<b>Net current liabilities</b>		<u>(40,211)</u>	<u>(41,886)</u>
<b>Total assets less current liabilities</b>		<u>30,628</u>	<u>15,715</u>
Creditors: amounts falling due after more than one year	17	(16,128)	(1,669)
<b>Net assets</b>		<u><u>14,500</u></u>	<u><u>14,046</u></u>
<b>Capital and reserves</b>			
Revaluation reserve	20	3,543	3,634
Investment property revaluation reserve	20	(613)	(613)
Profit and loss account	20	11,570	11,025
<b>Total shareholders' funds</b>		<u><u>14,500</u></u>	<u><u>14,046</u></u>

The financial statements on pages 13 to 39 were approved by the board on 29<sup>th</sup> March 2022 and signed on its behalf.

K Xu  
Director



The notes on pages 18 to 39 form part of these financial statements.

**Statement of changes in equity  
for the 11-month period ended 30 June 2021**

	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 August 2020	3,634	(613)	11,025	14,046
<b>Comprehensive profit for the financial period</b>				
Profit for the financial period	-	-	454	454
Transfer of revaluation reserve	(91)	-	91	-
<b>Total transfers between reserves</b>	(91)	-	91	-
<b>Total comprehensive profit for the financial period</b>	(91)	-	545	454
<b>At 30 June 2021</b>	<b>3,543</b>	<b>(613)</b>	<b>11,570</b>	<b>14,500</b>



**Statement of changes in equity  
for the 13-month period ended 31 July 2020**

	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2019	3,725	(613)	31,632	34,744
<b>Comprehensive loss for the financial period</b>				
Loss for the financial period	-	-	(20,698)	(20,698)
Transfer of revaluation reserve	(91)	-	91	-
<b>Total transfers between reserves</b>	(91)	-	91	-
<b>Total comprehensive loss for the financial period</b>	(91)	-	(20,607)	(20,698)
<b>At 31 July 2020</b>	<b>3,634</b>	<b>(613)</b>	<b>11,025</b>	<b>14,046</b>

**Statement of cash flows  
for the 11-month period ended 30 June 2021**

	For the period ended 30 June 2021 £000	For the period ended 31 July 2020 £000
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial period	454	(20,698)
<b>Adjustments for:</b>		
Amortisation and impairment of player registrations	25,391	26,140
Depreciation of tangible assets	1,134	1,375
Profit on disposal of player registrations	(4,159)	(29,416)
Loss on disposal of tangible assets	-	3
Interest received	(175)	(318)
Taxation credit	(395)	(2,729)
Decrease/(increase) in stocks	73	(161)
Decrease in debtors	52	7,601
Increase in amounts owed by group undertakings	(60)	(151)
Decrease in amounts owed to group undertakings	(97)	(7)
(Decrease)/increase in creditors	(7,870)	19,968
<b>Net cash generated from operating activities</b>	<b>14,348</b>	<b>1,607</b>
<b>Corporation tax received</b>	<b>-</b>	<b>157</b>
<b>Cash flows from investing activities</b>		
Purchase of player registrations	(30,534)	(34,199)
Sale of player registrations	9,709	46,319
Purchase of tangible fixed assets	(153)	(1,008)
Sale of tangible fixed assets	-	10
Interest received	2	91
Related party loan	(4,950)	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(25,926)</b>	<b>11,213</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(11,578)</b>	<b>12,977</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>14,193</b>	<b>1,216</b>
<b>Cash and cash equivalents at the end of period</b>	<b>2,615</b>	<b>14,193</b>
Cash and cash equivalents at the end of period comprise:		
<b>Cash at bank and in hand</b>	<b>2,615</b>	<b>14,193</b>

## **Notes to the Financial Statements for the 11-month period ended 30 June 2021**

### **1. General information**

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

The financial statements are prepared for the 11-month period ended 30 June 2021 (2020: 13-month period ended 31 July 2020).

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 2021 have been prepared is West Bromwich Albion Holdings Limited, a company incorporated in England and Wales.

### **2. Accounting policies**

#### **2.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with section 11 & 12 of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS102"), as amended by the requirements of the Triennial review 2017, and the Companies Act 2006. Accounting policies have been applied consistently. Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value.

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 principal accounting policies, which have been applied consistently throughout the period, are set out below.

## **Notes to the Financial Statements for the 11-month period ended 30 June 2021**

### **1. Accounting policies (continued)**

#### **2.2 Going concern**

The Board acknowledges that the pressure on the financial operations of a Football Club is complex and far-ranging. In order to mitigate the risks the Board operates stringent budgeting and forecasting procedures, including profit and loss, balance sheet and cash flow forecasts, which are updated regularly and based on prudent assumptions. These forecasts are primarily focused on the next two seasons and operating a 'breakeven' position on the cash flow over that period.

The Company has a net current liabilities position at the period end, with an outflow of £11.6m of cash in the period.

In preparing the cashflow forecasts, a prudent base case scenario has been adopted based on the key assumptions that the Club remains in the EFL Championship for season 2022/23, it will receive no funding from its shareholders and the attendance of crowds at the stadium and relevant commercial income will remain at the same level as season 2021/22. Furthermore, the base forecasts also include a potential dividend pay-out to settle a £5m receivable provided to related party Wisdom Smart Corporation Limited in March 2021, and further settlement of a £2m loan borrowed by West Bromwich Albion Holdings Limited from Warmfront Holdings Limited in September 2021 and loaned to a related party, since the group are not budgeting to receive any of the £7m funds in the period to the end of next season. The Board will not commit the club to further liabilities in upcoming transfer windows without the source of funding for such liabilities being confirmed.

In addition, the cashflow forecast has been further stress tested by considering a severe but plausible downside scenario, and the Board has identified a number of actions they could take to mitigate any shortfall in funds that result through sale of assets, advancing future income and deferring future outgoings amongst others.

Without promotion to the English Premier League, season 2022/23 would represent the final year of parachute payments being received by the football club which were £39.8m in season 2021/22 and the club forecasts that it will need to undertake actions through player trading and reduced salary costs to mitigate the reduced income levels in season 2023/24.

The current Club forecasts give no indication that an overdraft facility or other funding arrangement is required at any stage over the 12 months from the date of approval of these financial statements in order for the Club to meet its liabilities as they fall due. However, where the introduction of such funding is to the benefit of the Club, it will be considered on its merits.

Based on the above the directors therefore have a reasonable expectation that the necessary cashflows will be available when required and the financial statements have therefore been prepared on a going concern basis.

## **Notes to the Financial Statements for the 11-month period ended 30 July 2021**

### **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 English Premier League and EFL receipts, net gate receipts, merchandising/retail receipts, sponsorship and advertising receipts, conferencing and events receipts and other income.

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

English Premier League income rebates have been recognised in full in the season to which they relate.

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 player 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 are deemed to be probable in the opinion of the directors. Provision is made where, in the opinion of the directors, an impairment of the carrying value of player 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 11-month period ended 30 June 2021

### 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 included within amounts owed by group undertakings 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 11-month period ended 30 June 2021

### 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.

The Company applies section 11 and 12 of FRS102 when recognising and measuring financial instruments.

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 and after more than 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 11-month period ended 30 June 2021**

**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 11-month period ended 30 June 2021**

### **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.

Government grants are recognised in the Profit and loss account on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate.

#### **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 financial statements 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 11-month period ended 30 June 2021

### 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.

#### **Recoverability of loans made to related parties**

Management assesses the recoverability of loans made to related parties, including the loan made to Wisdom Smart Corporation Limited on an annual basis. As part of this process the Directors consider the expected plan for loan repayments on a regular basis. At the date of signing of the financial statements the Directors consider that the amounts are recoverable either through direct repayment or by way of dividend payment made by West Bromwich Albion Football Club Limited to all shareholders to settle the controlling party's liability to the Group in relation to the loan.

## Notes to the Financial Statements for the 11-month period ended 30 June 2021

### 4. Turnover

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

	For the period ended 30 June 2021 £000	For the period ended 31 July 2020 £000
Gate receipts	74	4,840
Merchandising	2,481	2,757
Media related activities	96,735	40,547
Other commercial income	7,644	5,601
	<b>106,934</b>	<b>53,745</b>

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):

	For the period ended 30 June 2021 £000	For the period ended 31 July 2020 £000
Depreciation of tangible fixed assets	1,134	1,375
Amortisation of player registrations	25,391	20,105
Impairment of intangible assets	-	6,035
Loss on disposal of fixed assets	-	4
Foreign exchange loss/(gain)	20	(112)
Grant income	(61)	(545)
Impairment/(reversal of impairment) of stocks	31	(7)
Operating lease rentals – land and property	<b>181</b>	<b>269</b>

**West Bromwich Albion Football Club Limited**

**Notes to the Financial Statements  
for the 11-month period ended 30 June 2021**

**6. Auditors' remuneration**

	<b>For the period ended 30 June 2021 £000</b>	<b>For the period ended 31 July 2020 £000</b>
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<b><u>32</u></b>	<b><u>32</u></b>
<b>Fees payable to the Company's auditors in respect of:</b>		
Audit-related assurance services	<b>14</b>	<b>12</b>
Taxation compliance services	<b>10</b>	<b>10</b>
	<b><u>24</u></b>	<b><u>22</u></b>

## Notes to the Financial Statements for the 11-month period ended 30 June 2021

### 7. Employees

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

	For the period ended 30 June 2021 £000	For the period ended 31 July 2020 £000
Wage and salaries	69,270	59,711
Social security costs	7,491	7,006
Other pension costs	136	171
	<u>76,897</u>	<u>66,888</u>

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

	For the period ended 30 June 2021 No.	For the period ended 31 July 2020 No.
First Team Players and Coaching	72	69
Scholars and Youth coaching	67	82
Administration and Commercial	66	72
Ground Staff	18	21
	<u>223</u>	<u>244</u>

In addition to the above the Club also employs an average of 54 (For the period ended 31 July 2020: 208) temporary staff. This has been greatly reduced in the period due to COVID-19 restrictions causing fixtures to be played behind closed doors.

# Notes to the Financial Statements for the 11-month period ended 30 June 2021

## 8. Directors' remuneration

	For the period ended 30 June 2021 £000	For the period ended 31 July 2020 £000
Directors' emoluments	661	510
Company contributions to defined contribution pension schemes	11	26
	<u>672</u>	<u>536</u>

During the period retirement benefits were accruing to 2 directors (For the period ended 31 July 2020: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £446,000 (For the period ended 31 July 2020: £208,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (For the period ended 31 July 2020: £15,000).

## 9. Interest receivable and similar income

	For the period ended 30 June 2021 £000	For the period ended 31 July 2020 £000
Other interest receivable	2	91
Other interest receivable - intercompany	173	227
	<u>175</u>	<u>318</u>

**Notes to the Financial Statements  
for the 11-month period ended 30 June 2021**

**10. Tax on profit/(loss)**

	<b>For the period ended 30 June 2021 £000</b>	<b>For the period ended 31 July 2020 £000</b>
<b>Corporation tax</b>		
Current tax on profit/(loss) for the period	-	-
Adjustments in respect of previous periods	395	371
<b>Total current tax</b>	<u><u>395</u></u>	<u><u>371</u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(24)	85
Roll over relief on player registration timing differences	(705)	(436)
Other player registration timings differences	(787)	122
Losses carried forward	1,516	(2,871)
<b>Total deferred tax</b>	<u><u>-</u></u>	<u><u>(3,100)</u></u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u><u>(395)</u></u>	<u><u>(2,729)</u></u>

## Notes to the Financial Statements for the 11-month period ended 30 June 2021

### 10. Tax on profit/(loss) (continued)

#### Factors affecting tax credit for the period

The tax assessed for the period is higher than (period ended 31 July 2020 - higher than) the standard rate of corporation tax in the UK of 19% (period ended 31 July 2020: 19%). The differences are explained below:

	For the period ended 30 June 2021 £000	For the period ended 31 July 2020 £000
Profit/(loss) on ordinary activities before tax	<u>59</u>	<u>(23,427)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (period ended 31 July 2020: 19%)	11	(4,451)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	64	175
Unrecognised deferred tax losses	(75)	1,176
Adjustments to tax charge in respect of prior periods	(395)	371
Effect of change in tax rates	-	-
Total tax credit for the period	<u>(395)</u>	<u>(2,729)</u>



**Notes to the Financial Statements  
for the 11-month period ended 30 June 2021**

**11. Intangible assets**

**Player  
registrations  
£000**

**Cost**

At 1 August 2020	85,014
Additions	39,610
Disposals	(30,063)
At 30 June 2021	<u>94,561</u>

**Accumulated Amortisation**

At 1 August 2020	48,896
Charge for the period	25,391
On disposals	(30,063)
At 30 June 2021	<u>44,224</u>

**Net book value**

At 30 June 2021	<u>50,337</u>
At 31 July 2020	<u>36,118</u>

# Notes to the Financial Statements for the 11-month period ended 30 June 2021

## 12. Tangible assets

	Freehold land & property £000	Fixtures, fittings, plant & equipment £000	Total £000
<b>Cost or valuation</b>			
At 1 August 2020	30,147	7,652	37,799
Additions	10	143	153
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 June 2021	30,157	7,795	37,952
	<hr/>	<hr/>	<hr/>
<b>Accumulated Depreciation</b>			
At 1 August 2020	11,156	6,692	17,848
Charge for the period on owned assets	571	563	1,134
Eliminated on disposal	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 June 2021	11,727	7,255	18,982
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 June 2021	<u>18,430</u>	<u>540</u>	<u>18,970</u>
At 31 July 2020	<u>18,991</u>	<u>960</u>	<u>19,951</u>

**Notes to the Financial Statements  
for the 11-month period ended 30 June 2021**

**13. Investment property**

	Freehold investment property £000	Long term leasehold investment property £000	Total £000
<b>Valuation and net book value</b>			
At 1 August 2020	500	1,032	1,532
At 30 June 2021	<u>500</u>	<u>1,032</u>	<u>1,532</u>

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

The 2021 valuations for the investment properties were made by the Directors, on an open market value for existing use basis. The directors are of the view that there is no material difference between the carrying value and market value.

**14. Stocks**

	As at 30 June 2021 £000	As at 31 July 2020 £000
Goods for resale	665	738
	<u>665</u>	<u>738</u>

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

Stocks are stated after provisions for impairment of £65,000 (As at 31 July 2020: £32,000).

# Notes to the Financial Statements for the 11-month period ended 30 June 2021

## 15. Debtors

	As at 30 June 2021 £000	As at 31 July 2020 £000
<b>Debtors: amounts falling due after more than one year</b>		
Amounts receivable in respect of player transfers	700	615
	<u>700</u>	<u>615</u>
	As at 30 June 2021 £000	As at 31 July 2020 £000
<b>Debtors: amounts falling due within one year</b>		
Trade debtors	66	42
Amounts receivable in respect of player transfers	1,570	7,205
Amounts owed by parent company	3,754	3,753
Amounts owed by fellow subsidiary	2,750	2,811
Other debtors	55	129
Corporation tax	395	-
Prepayments and accrued income	3,019	2,728
	<u>11,609</u>	<u>16,668</u>

Trade debtors are stated after provisions for impairment of £11,000 (As at 31 July 2020: £10,000).

Amounts totalling £3,754,000 (As at 31 July 2020: £3,753,000) are unsecured, payable on demand, accrue interest at the Bank of England's Base rate + 5% and are guaranteed by the ultimate parent company.

Prepayments and accrued income includes additional intercompany amounts due of £1,102,000 (As at 31 July 2020: £929,000).

## 16. Creditors: amounts falling due within one year

	As at 30 June 2021 £000	As at 31 July 2020 £000
Trade creditors	439	601
Amounts payable in respect of player transfers	12,066	17,510
Deferred grants	67	67
Amounts owed to group undertakings	18,679	23,726
Other taxation and social security	4,495	2,252
Other creditors	412	1,075
Accruals and deferred income	19,642	28,869
	<u>55,800</u>	<u>74,100</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 11-month period ended 30 June 2021

### 17. Creditors: amounts falling due after more than one year

	As at 30 June 2021 £000	As at 31 July 2020 £000
Amounts payable in respect of player transfers	15,000	480
Deferred grants	1,128	1,189
	<u>16,128</u>	<u>1,669</u>

### 18. Financial instruments

	As at 30 June 2021 £000	As at 31 July 2020 £000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	700	615
Financial assets that are measured at undiscounted amount receivable	13,829	30,861
	<u>14,529</u>	<u>31,476</u>

#### Financial liabilities

Financial liabilities measured at amortised cost	15,000	480
Financial liabilities that are measured at undiscounted amount payable	48,174	70,130
	<u>63,174</u>	<u>70,610</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 owed 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 11-month period ended 30 June 2021

### 19. Called up share capital

	As at 30 June 2021 £	As at 31 July 2020 £
<b>Shares classified as equity</b>		
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each (As at 31 July 2020: 2 ordinary shares of £1 each)	<u>2</u>	<u>2</u>

### 20. 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. The profit and loss account reserve comprises the profit and loss account and the investment property revaluation reserve. The investment property revaluation reserve is shown separately in order to disclose fair value movements.

### 21. 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 £10.2m (As at 31 July 2020: £11.1m).

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

### 22. 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 £136,488 (As at 31 July 2020: £171,009). Contributions totalling £24,670 (As at 31 July 2020: £23,975) were payable to the funds at the balance sheet date and are included in creditors.

## Notes to the Financial Statements for the 11-month period ended 30 June 2021

### 23. Commitments under operating leases

At 30 June 2021 and 31 July 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	As at 30 June 2021 £000	As at 31 July 2020 £000
Not later than 1 year	60	131
Later than 1 year and not later than 5 years	162	184
Later than 5 years	-	8
<b>Total</b>	<b>222</b>	<b>323</b>

### 24. Related party transactions

#### West Bromwich Albion Holdings Limited

Accrued interest totalling £1,102,000 (31 July 2020: £929,000) owed to the company by group undertakings are unsecured, payable on demand and interest free. Amounts totalling £3,757,000 (31 July 2020: £3,753,000) owed to the company by group undertakings are unsecured, have no fixed date for repayment, accrue interest at the Bank of England's base rate +5% (totalling £173,000) in the period and are guaranteed by the company

### 25. Post balance sheet events

Valerien Ismael left his position as Head Coach of the Club on 2 February 2022. Steve Bruce was appointed as First Team Manager on 3 February 2022.

Ron Gourlay was appointed as Chief Executive Officer of West Bromwich Albion Football Club Limited to replace Xu Ke on 2 February 2022. The controlling shareholder Lai Guochuan replaced Li Piyue as Chairman on the same day.

Since 30 June 2021 the Club has purchased and sold player registrations at a total initial cost of £6.1m (31 July 2020: £38.7m) and for proceeds of £19.3m (31 July 2020: £3.3m).

On 31 December 2021, WBAFC Holdings Limited, a company incorporated in Jersey was included into the group structure and became the immediate parent company of West Bromwich Albion Group Limited. WBAFC Holdings Limited's immediate parent company is West Bromwich Albion Holdings Limited.

On 8 September 2021, West Bromwich Albion Holdings Limited borrowed £2m from Warmfront Holdings Limited secured by 2.35% of its own shares and lent the proceeds onto a related party. The monthly interest rate is 0.3% with repayment due on 31 March 2022.

## Notes to the Financial Statements for the 11-month period ended 30 June 2021

### 26. Capital commitments

At 30 June 2021 and 31 July 2020, the company had the following capital commitments:

	As at 30 June 2021 £000	As at 31 July 2020 £000
Contracts for future capital expenditure not provided in the financial statements – Freehold property	783	783
<b>Total</b>	<b>783</b>	<b>783</b>

The above capital commitment relates to the installation of a new bollards system around the stadium to ensure that The Hawthorns is as secure as possible for spectators. At 30 June 2021 and 31 July 2020, £743,000 has been recognised as capital expenditure relating to the project.

### 27. 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, United Kingdom. These financial statements 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, United Kingdom.

The ultimate controlling party of Yunyi Guokai (Shanghai) Sports Development Limited is G Lai by virtue of control over various trusts in place.