
WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 1998**

Company Number: 3295063



*Clement
Keys*

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

Company Information

Directors

A B Hale
C M Stapleton
J W Brandrick
B Hurst
R E McGing
J D Wile

Secretary

John J Evans

Company Number

3295063

Registered Office

The Tom Silk Building
Halfords Lane
West Bromwich
West Midlands
B71 4BR

Auditors

Clement Keys
Chartered Accountants
Registered Auditor
Nettleton House
Calthorpe Road
Birmingham
B15 1RL

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

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WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998

The directors present their report and the financial statements for the year ended 30 June 1998.

Statement of directors' responsibilities

The following statement, which should be read in conjunction with the Report of the Auditors, is made with a view to distinguishing the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of each financial period and of the profit or loss for the financial period.

Following discussions with the auditors, the directors consider that, in preparing the financial statements on pages 4 to 18 inclusive, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Principal activities and review of business

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

The results for the period are set out on page 4.

Dividends

The directors do not recommend that a dividend is paid.

Year 2000 compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issue.

A programme, designed to address the impact of the Year 2000 on our business is under way. Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur. However, the Board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

Directors and their interests

The directors who served during the period are set out below.

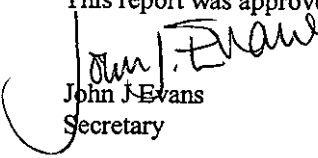
A B Hale
C M Stapleton
J W Brandrick
B Hurst
R E McGing
J D Wile

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998

R E McGing held no interest in the share capital of West Bromwich Albion plc. All the other directors are directors of West Bromwich Albion plc and their interests are shown in the directors' report of that company.

This report was approved by the board on 22 September 1998 and signed on its behalf.


John J. Evans
Secretary

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

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

We have audited the financial statements on pages 4 to 16 which have been prepared on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

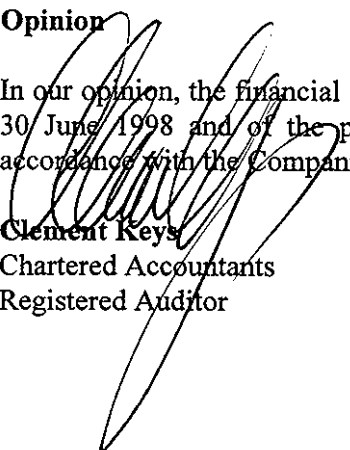
Basis of opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 30 June 1998 and of the profit of the company for the year then ended and have been prepared in accordance with the Companies Act 1985.


Clement Keys
Chartered Accountants
Registered Auditor

Nettleton House
Calthorpe Road
Birmingham
B15 1RL

22 September 1998

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 30 June 1998

| | | Year ended 30 June 1998 £ | 7 month period ended 30 June 1997 £ |
|---|------|---------------------------------------|---|
| | Note | | |
| TURNOVER | 1,2 | 7,162,283 | 2,930,421 |
| Operating expenses | | (6,269,624) | (2,255,994) |
| OPERATING PROFIT | 3 | 892,659 | 674,427 |
| Write-off of players' contracts | | (1,111,000) | (937,500) |
| Profit on transfer of players' registrations | | 884,000 | - |
| | | 665,659 | (263,073) |
| Interest receivable | | 58,491 | 41,604 |
| Interest payable | 6 | (92,886) | (53,797) |
| RETAINED PROFIT/(LOSS) FOR THE YEAR/PERIOD | | 631,264 | (275,266) |

The profit and loss account reflects the continuing operations of the company. The company made no material acquisitions and had no discontinued operations.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 June 1998

| | Year ended 30 June 1998 £ | 7 month period ended 30 June 1997 £ |
|---|--|--|
| Profit/(loss) for the financial year/period after taxation | 631,264 | (275,266) |
| Revaluation of players' contracts | (1,550,000) | 2,225,000 |
| Unrealised surplus on revaluation of properties | - | 5,819,566 |
| | <hr/> | <hr/> |
| Total recognised gains and losses relating to the year/period | (918,736) | 7,769,300 |
| | <hr/> | <hr/> |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the year ended 30 June 1998

| | Year ended 30 June 1998 £ | <i>7 month period ended 30 June 1997 £</i> |
|---|--|--|
| Reported profit/(loss) on ordinary activities | 631,264 | <i>(275,266)</i> |
| Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount | 91,789 | <i>49,956</i> |
| | 723,053 | <i>(225,310)</i> |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

BALANCE SHEET
As at 30 June 1998

| | Note | £ | 1998 £ | £ | 1997 £ |
|--|------|------------|--------------------|------------------|--------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 7 | | 6,014,536 | | 7,793,479 |
| Tangible assets | 8 | | 12,893,037 | | 12,662,647 |
| | | | <u>18,907,573</u> | | <u>20,456,126</u> |
| CURRENT ASSETS | | | | | |
| Stock | 9 | 209,325 | | 82,642 | |
| Debtors | 10 | 1,068,010 | | 810,767 | |
| Cash at bank and in hand | | 922,642 | | 1,160,256 | |
| | | | <u>2,199,977</u> | <u>2,053,665</u> | |
| CREDITORS: Amounts falling due within one year | 11 | 11,091,567 | | 11,267,346 | |
| | | | <u>(8,891,590)</u> | | <u>(9,213,681)</u> |
| NET CURRENT LIABILITIES | | | | | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 10,015,983 | | 11,242,445 |
| CREDITORS: Amounts falling due after more than one year | 12 | | (3,165,417) | | (3,473,143) |
| NET ASSETS | | | <u>6,850,566</u> | | <u>7,769,302</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 14 | | 2 | | 2 |
| Revaluation reserve | 15 | | 5,677,821 | | 5,769,610 |
| Players' valuation reserve | 15 | | 675,000 | | 2,225,000 |
| Profit and loss account | 15 | | 497,743 | | (225,310) |
| EQUITY SHAREHOLDERS' FUNDS | 16 | | <u>6,850,566</u> | | <u>7,769,302</u> |

The financial statements were approved by the board on 22 September 1998 and signed on its behalf.

A B Hale

Director

AB Hale

C M Stapleton

Director

C. M. Stapleton

The notes on pages 8 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 1998

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention modified to include the valuation of players' contracts and the revaluation of land and buildings. They include the results of the company's operations which are described in the directors' report all of which are continuing. The financial statements have been drawn up to comply in all material respects with applicable accounting standards and financial reporting standards.

The company has taken advantage of the exemptions provided by Financial Reporting Standard No. 1 and not prepared a cash flow statement for the period.

1.2 Turnover

Turnover is stated net of Value Added Tax and comprises gate receipts and other income arising from promotional activities all within the United Kingdom.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is calculated on a straight-line basis and is calculated as follows:

| | | |
|-------------------------------|---|---------------------------|
| Freehold land | - | Nil |
| Freehold stands and buildings | - | 2% - 5% |
| Equipment and vehicles | - | 10% to 25% as appropriate |

1.4 Leased assets

Assets used by the company which have been funded through finance leases and hire purchase agreements are capitalised and the resulting lease obligations are included in creditors.

The costs of operating leases are written off to the profit and loss account as and when incurred.

1.5 Stock in club shop

Stock is valued at the lower of cost and net realisable value. The first in first out method of valuation is used.

1.6 Deferred Taxation

Deferred taxation is provided at the current rate of corporation tax on the excess of the book value of those fixed assets qualifying for taxation allowances over their written down value for taxation purposes, and any other timing differences less unutilised losses except where it can be demonstrated with reasonable probability that a tax liability is unlikely to arise in the foreseeable future.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 1998

1.7 Grants

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

1.8 Donations

Donations received towards major capital projects are included as other reserves and amortised over the estimated useful life of the related assets.

1.9 Players' contracts

Players' contracts are included in the balance sheet at Directors' valuation. Values are assessed on a regular basis and any permanent diminution in value below original cost is written off in the profit and loss account.

The Directors in valuing the players' contracts continue to take into account the potential consequences of the Jean-Marc Bosman case in the European Court of Justice and its effects upon transfer values.

1.10 Signing on fees

Signing on fees are charged to the profit and loss account in the accounting period in which they are payable.

1.11 Capitalisation of interest

Interest incurred on borrowings to finance specific stadium development is capitalised.

2. ANALYSIS OF TURNOVER

| | 1998 | 1997 |
|-------------------|------------------|------------------|
| | £ | £ |
| Gate receipts | 3,683,838 | 1,528,968 |
| Commercial income | 3,478,445 | 1,401,453 |
| | <u>7,162,283</u> | <u>2,930,421</u> |

3. OPERATING PROFIT

| | | |
|--|------------------|------------------|
| The operating profit is stated after charging: | 1998 | 1997 |
| | £ | £ |
| Depreciation | 284,805 | 149,379 |
| Auditors' remuneration - audit fees | 8,500 | 5,000 |
| Operating lease rentals - plant and equipment | 59,720 | 35,766 |
| Staff costs | 4,043,316 | 1,562,573 |
| | <u>4,196,341</u> | <u>1,752,724</u> |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 1998

4. DIRECTORS AND EMPLOYEES

(a) Staff costs comprise:

| | 1998 | 1997 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,669,055 | 1,404,314 |
| Social security costs | 348,832 | 145,962 |
| Other pension costs | 25,429 | 12,297 |
| | <u>4,043,316</u> | <u>1,562,573</u> |

Pension costs represent contributions paid into the personal pension schemes of certain full time members of staff.

(b) Average number of employees by category:

| | 1998 | 1997 |
|-------------------------------|-----------|-----------|
| | £ | £ |
| Players, managers and coaches | 35 | 36 |
| Apprentices | 20 | 18 |
| Administration and commercial | 32 | 26 |
| Ground staff | 8 | 8 |
| | <u>95</u> | <u>88</u> |

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

5. DIRECTORS' REMUNERATION

| | 1998 | 1997 |
|---|--------|--------|
| | £ | £ |
| For service as directors | 88,296 | 14,273 |
| Pension scheme contributions for one director | 2,250 | 714 |

6. INTEREST PAYABLE

| | 1998 | 1997 |
|-----------------------------------|---------------|---------------|
| | £ | £ |
| On bank loans and overdrafts | - | 4,396 |
| On other loans and finance leases | 92,886 | 49,401 |
| | <u>92,886</u> | <u>53,797</u> |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 1998

7. INTANGIBLE ASSETS

| | |
|-------------------------------|------------------|
| | £ |
| Players' contracts | |
| At 1 July 1997 | 8,236,479 |
| Additions | 2,046,057 |
| Disposals | (2,162,000) |
| Revaluation | (1,550,000) |
| | <hr/> |
| At 30 June 1998 | 6,570,536 |
| | <hr/> |
| Comprising: | |
| Cost | 5,895,536 |
| Valuation | 675,000 |
| | <hr/> |
| | 6,570,536 |
| | <hr/> |
| Write-offs | |
| At 1 July 1997 | 443,000 |
| Charge for year | 1,111,000 |
| Released on disposals in year | (998,000) |
| | <hr/> |
| At 30 June 1998 | 556,000 |
| | <hr/> |
| Net Book Value | |
| At 30 June 1998 | 6,014,536 |
| | <hr/> |
| At 30 June 1997 | 7,793,479 |
| | <hr/> |

8. TANGIBLE ASSETS

| | Freehold land and buildings £ | Equipment £ | Total £ |
|-------------------|--|----------------|-------------------|
| Cost or valuation | | | |
| At 1 July 1997 | 12,811,870 | 561,634 | 13,373,504 |
| Additions | 134,595 | 380,600 | 515,195 |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 1998 | 12,946,465 | 942,234 | 13,888,699 |
| | <hr/> | <hr/> | <hr/> |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 1998

| | Freehold land and buildings £ | Equipment £ | Total £ |
|-----------------------|--|------------------------|--------------------|
| Depreciation | | | |
| At 1 July 1997 | 322,138 | 388,719 | 710,857 |
| Charge for year | 231,944 | 52,861 | 284,805 |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 1998 | 554,082 | 441,580 | 995,662 |
| | <hr/> | <hr/> | <hr/> |
| Net Book Value | | | |
| At 30 June 1998 | 12,392,383 | 500,654 | 12,893,037 |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 1997 | 12,489,732 | 172,915 | 12,662,647 |
| | <hr/> | <hr/> | <hr/> |

The Hawthorns Stadium is valued at depreciated cost and the Tom Silk Building is valued on the basis of open market value as advised by Dunlop Haywood, Consultant Surveyors, Manchester. The valuation was carried out at 31 January 1996 whilst the land and buildings were owned by West Bromwich Albion plc and additions since that date have been included at cost.

The cost of freehold land and buildings included at a valuation is £7,126,899 (1997: £6,992,304). On a historical cost basis the net book value of the revalued land and buildings would be £6,714,562 (1997: £6,720,122).

The net book value of tangible fixed assets includes £277,492 (1997: £289,500) in respect of assets held under hire purchase contracts and finance leases. Depreciation charged in respect of these assets was £12,008 (1997: £12,008) .

| | | |
|---|------------------|----------------|
| 9. STOCK | 1998 | 1997 |
| | £ | £ |
| Good for resale | 209,325 | 82,642 |
| | <hr/> | <hr/> |
| 10. DEBTORS | 1998 | 1997 |
| | £ | £ |
| Trade debtors | 904,368 | 609,498 |
| Other debtors | 41,269 | 74,143 |
| Prepayments and accrued income | 68,926 | 89,566 |
| Amount due from fellow subsidiary undertaking | 53,447 | 37,560 |
| | <hr/> | <hr/> |
| | 1,068,010 | 810,767 |
| | <hr/> | <hr/> |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 1998

11. CREDITORS: amounts falling due within one year

| | 1998 | 1997 |
|---------------------------------|-------------------|-------------------|
| | £ | £ |
| Loans | 109,505 | 106,238 |
| Trade creditors | 1,069,510 | 1,328,081 |
| Amount due to parent company | 7,373,161 | 7,280,313 |
| Social security and other taxes | 368,752 | 149,631 |
| Other creditors | 2,060,002 | 2,328,022 |
| Accruals | 49,176 | 32,676 |
| Deferred grants | 61,461 | 42,385 |
| | <u>11,091,567</u> | <u>11,267,346</u> |

12. CREDITORS: amounts falling due after more than one year

| | 1998 | 1997 |
|----------------------|------------------|------------------|
| | £ | £ |
| Bank loans | 574,226 | 644,917 |
| Football league loan | 16,665 | 56,661 |
| Other creditors | 730,835 | 866,333 |
| Deferred grants | 1,843,691 | 1,905,232 |
| | <u>3,165,417</u> | <u>3,473,143</u> |

Included within the above are amounts falling due as follows:

| | | |
|--|----------------|----------------|
| In 1 - 2 years: | £ | £ |
| Finance lease and hire purchase contract obligations | <u>41,160</u> | <u>36,997</u> |
| In 2 - 5 years: | £ | £ |
| Loan instalments | 378,525 | 328,293 |
| Finance lease and hire purchase contract obligations | <u>163,458</u> | <u>194,572</u> |
| In more than 5 years: | £ | £ |
| Loan instalments | 212,366 | 373,285 |
| Finance lease and hire purchase contract obligations | <u>-</u> | <u>10,047</u> |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 1998

£420,525 of the bank loans is secured by a charge over the freehold property of the company and a fixed and floating charge over the other company assets.

The bank loans are repayable over ten years at 2½ over LIBOR.

13. PROVISIONS FOR LIABILITIES AND CHARGES

| | 1998 £ | 1997 £ |
|---|----------------|----------------|
| Deferred Tax | | |
| The full potential liability is made up as follows: | | |
| Accelerated capital allowances | 86,803 | 124,110 |
| Other timing differences after unutilised losses | 539,256 | 331,228 |
| | <u>626,059</u> | <u>455,338</u> |

No deferred taxation has been provided in the accounts of the company. The above figures exclude potential taxation liabilities arising from revaluations on the grounds that no material liability is anticipated in the foreseeable future.

14. SHARE CAPITAL

| | 1998 £ | 1997 £ |
|---|-------------------|-------------------|
| Authorised | | |
| 1,000 ordinary shares of £1 each | 1,000 | 1,000 |
| | <u> </u> | <u> </u> |
| Allotted, called up and fully paid | | |
| 2 ordinary shares of £1 each | 2 | 2 |
| | <u> </u> | <u> </u> |

15. RESERVES

| | |
|--|-------------------|
| | £ |
| Profit and loss account | |
| Balance at 1 July 1997 | (225,310) |
| Profit for year | 631,264 |
| Depreciation on revalued portion of property | 91,789 |
| | <u> </u> |
| Balance at 30 June 1998 | 497,743 |
| | <u> </u> |
| | £ |
| Property revaluation reserve | |
| Balance at 1 July 1997 | 5,769,610 |
| Depreciation on revalued portion of property | (91,789) |
| | <u> </u> |
| Balance at 30 June 1998 | 5,677,821 |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 1998

| | £ |
|-----------------------------------|-------------|
| Players' valuation reserve | |
| Balance at 1 July 1997 | 2,225,000 |
| Revaluation in the year | (1,550,000) |
| | <hr/> |
| Balance at 30 June 1998 | 675,000 |
| | <hr/> |

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | £ |
|--|-------------|
| Profit for the year | 631,264 |
| Other recognised gains and losses relating to period | (1,550,000) |
| | <hr/> |
| | (918,736) |
| Opening shareholders' funds | 7,769,302 |
| Closing shareholders' funds | 6,850,566 |
| | <hr/> |

17. CONTINGENT LIABILITIES

The company is party to an unlimited interlocking guarantee to secure balances due to bankers by other group companies. At 30 June 1998 there was £101,380 outstanding (1997: £93,034).

In addition, the terms of certain contracts with other football clubs in respect of the purchase of players' registrations include the payment of substantial amounts upon fulfilment of specific conditions in the future. Similar terms exist in contracts for sale of players' registrations and the directors consider that the likely future effect on the accounts is immaterial.

18. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts are £151,000 (1997: £Nil).

19. OTHER FINANCIAL COMMITMENTS

At 30 June 1998 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Equipment | |
|-----------------------|---------------------------|-------|------------------|--------|
| | 1998 | 1997 | 1998 | 1997 |
| | £ | £ | £ | £ |
| Expiry date: | | | | |
| Within 1 year | - | - | - | 1,400 |
| Between 2 and 5 years | 59,824 | - | 61,110 | 60,838 |
| Over five years | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 59,824 | - | 61,110 | 62,238 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 1998

20. TRANSACTIONS WITH DIRECTORS

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

In addition the company hired vehicles from a company of which Mr J W Brandrick is director. The value of this contract during the year amounted to £43,813 and was on normal commercial terms.

21. POST BALANCE SHEET EVENTS

Since 30 June 1998 fees totalling £335,000 have been contracted for by the company in respect of the acquisition of players.

Since 30 June 1998 sales of players registrations have taken place totalling £123,000.

22. TAXATION

The company has estimated taxation losses carried forward of £3,600,000 (1997: £4,500,000).

23. ULTIMATE PARENT COMPANY

The company's ultimate parent company is West Bromwich Albion plc, a company registered in England and Wales. Copies of the group consolidated accounts are available to the public at the Tom Silk Buildings, Halfords Lane, West Bromwich, West Midlands.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
For the year ended 30 June 1998

| | Page | Year ended 30 June 1998 £ | 7 month period ended 30 June 1997 £ |
|--|-------------|--|--|
| TURNOVER | 15 | 7,162,283 | 2,930,421 |
| COST OF SALES | 15 | (599,164) | (199,048) |
| GROSS PROFIT | | 6,563,119 | 2,731,373 |
| Less: OVERHEADS | | | |
| Administration expenses | 15 | (5,670,460) | (2,056,946) |
| OPERATING PROFIT | | 892,659 | 674,427 |
| Financial expenses | 15 | (34,395) | (12,193) |
| Write-off of players' contracts | | (1,111,000) | (937,500) |
| Profit on sale of players' contracts | | 884,000 | - |
| PROFIT/(LOSS) FOR THE YEAR/PERIOD | | 631,264 | (275,266) |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

SCHEDULE TO THE TRADING AND PROFIT AND LOSS ACCOUNT
For the year ended 30 June 1998

| | Year ended 30 June 1998 £ | 7 month period ended 30 June 1997 £ |
|--------------------------------|---------------------------------------|---|
| TURNOVER | | |
| Sales | 7,162,283 | 2,930,421 |
| | <hr/> | <hr/> |
| COST OF SALES | | |
| Shop purchases | 496,664 | 134,022 |
| Commercial costs | 102,500 | 65,026 |
| | <hr/> | <hr/> |
| | 599,164 | 199,048 |
| | <hr/> | <hr/> |
| ADMINISTRATION EXPENSES | | |
| Wages, bonuses and salaries | 3,821,770 | 1,562,573 |
| Gatemen and stewards | 228,881 | 80,988 |
| Vehicle expenses | 110,777 | 27,562 |
| Police and Red Cross | 145,415 | 22,372 |
| Repairs and maintenance | 235,752 | 62,759 |
| Hospitality | 36,962 | 11,788 |
| Travel and hotel expenses | 110,375 | 46,676 |
| Printing and stationery | 54,167 | 9,954 |
| Telephone/fax | 24,791 | 8,547 |
| General office expenses | 70,595 | 14,700 |
| Rates and insurances | 96,032 | 66,814 |
| Advertising and promotion | 10,080 | 5,567 |
| Licence fees and levies | 93,061 | (29,831) |
| Professional charges | 185,306 | 20,502 |
| Bank charges | 56,912 | 25,741 |
| Training, medical and outfits | 80,206 | 15,078 |
| Relocation expenses | 35,511 | 41,552 |
| Heating and lighting | 69,951 | 34,921 |
| Equipment leasing | 59,720 | 35,766 |
| Depreciation | 194,196 | 107,536 |
| VAT on complimentary tickets | - | (64,619) |
| Management charge | (50,000) | (50,000) |
| | <hr/> | <hr/> |
| | 5,670,460 | 2,056,946 |
| | <hr/> | <hr/> |
| FINANCIAL EXPENSES | | |
| Bank interest payable | 92,886 | 53,797 |
| Other interest receivable | (58,491) | (41,604) |
| | <hr/> | <hr/> |
| | 34,395 | 12,193 |
| | <hr/> | <hr/> |