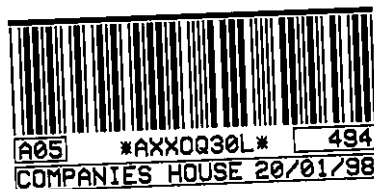


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THE WIGAN FOOTBALL CLUB LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD 1 JUNE 1995 TO 30 NOVEMBER 1996



THE WIGAN FOOTBALL CLUB LIMITED

INDEX TO THE FINANCIAL STATEMENTS for the Period 1 June 1995 to 30 November 1996

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	5
Profit and Loss Account	6
Statement of Total Recognised Gains and Losses	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Cash Flow Statement	10
Notes to the Financial Statements	12
Profit and Loss Account	23

THE WIGAN FOOTBALL CLUB LIMITED

COMPANY INFORMATION

for the Period 1 June 1995 to 30 November 1996

DIRECTORS: M Nolan (Chairman)
D Bradshaw (Chief Executive)
M D Leatherbarrow (Vice Chairman)

SECRETARY: M D Leatherbarrow

REGISTERED OFFICE: Central Park
Riverway
Wigan
Lancashire
WN1 1XF

REGISTERED NUMBER: 0174692 (England and Wales)

AUDITORS: John Fairhurst & Co
Registered Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
WN1 2TB

BANKERS: National Westminster Bank PLC
P O Box 68
4 Standishgate
Wigan
WN1 1UJ

SOLICITORS: Eversheds
London Scottish House
24 Mount Street
Manchester
M2 3DB

THE WIGAN FOOTBALL CLUB LIMITED

REPORT OF THE DIRECTORS

for the Period 1 June 1995 to 30 November 1996

The directors present their report with the financial statements of the company for the period 1 June 1995 to 30 November 1996.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of a professional Rugby League football club.

REVIEW OF BUSINESS

The company changed its accounting reference date to 30 November to coincide with the end of the inaugural "Super League" season. This followed a truncated playing period, "The Centenary Season", during which time the club saw a decline in attendances and a reduced number of home matches.

During the period there was an acrimonious dispute between the Australian Rugby League ('ARL') and News Corporation, the sponsors of Super League. As a result several leading Wigan players were targeted by ARL and loyalty payments were made by the company to retain the services of the majority of the first team squad. However, as a result of News Corporation involvement in Super League, the company has received substantial income during the period to fund some of the Super League requirements. The board also secured sponsorship arrangements with NORWEB and NIKE which will be of great benefit to the club in the coming period.

The Rugby Football League's Board of Directors produced a report "Framing the Future", giving details of minimum standards to be adopted by all Super League clubs, most of which have been adopted by the company. In addition there were various rule changes designed to open up the game including the introduction of technology to aid officials and spectators.

In a turbulent period the various Rugby Football Unions agreed to make rugby union professional, ie players to be paid to play. The club agreed to allow Henry Paul, Gary Connolly and Jason Robinson to play rugby union in the close season (winter 1996), but retained their registrations. However others, such as Scott Quinnell, Martin Offiah and subsequently Va'aiga Tuigamala, have had their contracts taken over by rugby union clubs.

The first team won the Stones Bitter Centenary Championship and also the Division One Stones Bitter Premiership, the Regal Trophy and Charity Shield in 1995/96, but were less successful in the 1996 season, losing in the fifth round of the Challenge Cup and coming second in the Super League.

The club participated successfully in ground breaking cross-code matches versus Bath, at Maine Road and Twickenham, and won the Middlesex Charity Sevens tournament.

The club appointed Eric Hughes as first team coach to succeed Graeme West and continued to develop exciting young players alongside established stars. Subsequently John Monie has been reappointed as first team coach in charge of playing matters for 1998 and is in the process of restructuring the coaching and playing staff.

THE WIGAN FOOTBALL CLUB LIMITED

REPORT OF THE DIRECTORS for the Period 1 June 1995 to 30 November 1996

RESULTS AND DIVIDENDS

The results for the period are disappointing but not unexpected given the turmoil and uncertainty caused by factors both within and outside the club, as detailed within this report. Further significant losses are expected for the year ending 30 November 1997, but the board have taken various cost cutting measures and negotiated sponsorship arrangements sufficient to allow these losses to be stemmed during 1998.

It is recommended that the loss for the period of £695,800 (1995 - Profit of £128,661) be taken to reserves.

No dividend can be paid (1995- £Nil).

DIRECTORS

The directors who served during the period under review were:

J Robinson (Chairman)
T A Rathbone
J Hilton
M D Leatherbarrow

J Hilton retired on 13 November 1996.

A W Thomas was appointed as a director on 18 February 1997 and resigned on 28 October 1997.

M D Leatherbarrow resigned as a director on 24 February 1997 and was reappointed on 28 October 1997 and was appointed company secretary on 9 January 1998.

D Bradshaw was appointed as a director on 25 February 1997 and appointed as company secretary on 18 August 1997 and resigned as company secretary on 9 January 1998.

M Nolan was appointed as director on 28 October 1997.

J Robinson resigned as a director and company secretary on 18 August 1997.

T A Rathbone resigned as a director on 18 August 1997.

R Gee was appointed as a director on 19 August 1997 and resigned on 19 August 1997.

A Sutton was appointed as a director on 19 August 1997 and resigned on 19 August 1997.

DIRECTORS INTERESTS

The beneficial interests of the directors holding office on 30 November 1996 in the issued share capital and debenture stock of the company were as follows:

	£1 Ordinary Shares		5% Debenture Stock 2005	
	At 30 November 1996	At 1 June 1995	At 30 November 1996	At 1 June 1995
J Robinson	34	34	42,117	42,117
T A Rathbone	40	40	31,625	31,625
J Hilton	44	44	16,625	16,625
M D Leatherbarrow	34	34	6,625	6,625
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

THE WIGAN FOOTBALL CLUB LIMITED

REPORT OF THE DIRECTORS

for the Period 1 June 1995 to 30 November 1996

DIRECTORS INTERESTS (Continued)

An Extraordinary General Meeting (EGM) was held on 24 July 1995 approving the redemption of the 5% Debenture Stock 1995 at par and the reissue of £112,000 5% Debenture Stock 2005 also at par. The stockholders retained the power to appoint or remove Directors at an Extraordinary General Meeting.

A further EGM was held on 20 May 1997 where resolutions to remove J Robinson and T A Rathbone and redeem the £112,000 5% Debenture Stock 2005 were defeated on a poll.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TANGIBLE FIXED ASSETS

Various shareholder and Board meetings have been held during the period, and subsequently, debating the possibility and financial implications of the sale of the land and buildings, known as Central Park, at a value in excess of net book value (see note 21).

PLAYING STAFF

Due to the uncertainty concerning the dispute between ARL and Super League, the professionalisation of rugby union, and the effects of the "Bosman Case" on transfer fees in the EU, no value has been ascribed to the first team playing squad (1995 - £ 2,370,000). The 1995 valuation, which was prepared by the directors, was not included in the Balance Sheet, but was disclosed for reference purposes.

AUDITORS

The auditors, John Fairhurst & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



M D Leatherbarrow - SECRETARY

Dated: 14.1.98

THE WIGAN FOOTBALL CLUB LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE WIGAN FOOTBALL CLUB LIMITED

We have audited the financial statements on pages 6 to 22 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 12 and 13.

Respective responsibilities of directors and auditors

As described on page 4 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Going Concern

In forming our opinion we have considered the adequacy of the disclosures made in Note 1 of the financial statements concerning the uncertainty as to the continuation and renewal of i) the bank loan and overdraft facility ii) loan monies from directors and other third parties iii) major sponsorship agreements and also concerns over ongoing trading losses and the proposed sale of land and buildings, known as Central Park. In view of the significance of these uncertainties we consider that they should be brought to your attention but our opinion is not qualified in these respects.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

John Fairhurst & Co
Registered Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
WN1 2TB



Dated:

15/1/98

THE WIGAN FOOTBALL CLUB LIMITED
PROFIT AND LOSS ACCOUNT
for the Period 1 June 1995 to 30 November 1996

		Period 1/6/95 to 30/11/96		Year Ended 31/5/95	
	Notes	£	£	£	£
TURNOVER	2		3,517,845		3,289,312
GROSS PROFIT			<u>3,517,845</u>		<u>3,289,312</u>
Administrative expenses			<u>6,035,216</u>		<u>3,455,148</u>
			(2,517,371)		(165,836)
Other operating income			<u>2,027,715</u>		<u>427,209</u>
OPERATING (LOSS)/PROFIT	4		(489,656)		261,373
Interest payable and similar charges	5		<u>206,144</u>		<u>132,712</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(695,800)		128,661
Tax on (loss)/profit on ordinary activities	6		<u>-</u>		<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION			(695,800)		128,661
Deficit brought forward:					
As previously reported		(727,315)		139,160	
Prior year adjustments		<u>-</u>		<u>(995,136)</u>	
As restated			<u>(727,315)</u>		<u>(855,976)</u>
DEFICIT CARRIED FORWARD			<u>(1,423,115)</u>		<u>(727,315)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period or previous year.

The notes form part of these financial statements

THE WIGAN FOOTBALL CLUB LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Period 1 June 1995 to 30 November 1996**

	Period 1/6/95 to 30/11/96	Year Ended 31/5/95
	£	£
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	(695,800)	128,661
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD	(695,800)	128,661
Prior year adjustment	<hr/> -	<hr/> (995,136)
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	<hr/> (695,800)	<hr/> (866,475)

The notes form part of these financial statements

THE WIGAN FOOTBALL CLUB LIMITED

BALANCE SHEET
30 November 1996

		<u>1996</u>		<u>1995</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		4,578,478		4,448,715
CURRENT ASSETS:					
Stocks	8	52,814		96,050	
Debtors	9	229,091		260,639	
Cash in hand		<u>100</u>		<u>100</u>	
		282,005		356,789	
CREDITORS: Amounts falling due within one year	10	<u>(2,590,201)</u>		<u>(1,571,459)</u>	
NET CURRENT LIABILITIES:			<u>(2,308,196)</u>		<u>(1,214,670)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			2,270,282		3,234,045
CREDITORS: Amounts falling due after more than one year	11		<u>(1,844,937)</u>		<u>(2,112,900)</u>
			<u>425,345</u>		<u>1,121,145</u>
CAPITAL AND RESERVES:					
Called up share capital	15		16,000		16,000
Revaluation reserve	16		1,832,460		1,832,460
Profit and loss account			<u>(1,423,115)</u>		<u>(727,315)</u>
Shareholders' funds	17		<u>425,345</u>		<u>1,121,145</u>

ON BEHALF OF THE BOARD:



M Nolan (Chairman) - DIRECTOR

Approved by the Board on 14.1.98

The notes form part of these financial statements

THE WIGAN FOOTBALL CLUB LIMITED

CASH FLOW STATEMENT
for the Period 1 June 1995 to 30 November 1996

		Period 1/6/95 to 30/11/96	Year ended 31/5/95
	Notes	£	£
Net cash inflow from operating activities	1	216,470	390,753
Returns on investments and servicing of finance	2	(199,842)	(132,712)
Taxation		-	(866)
Capital expenditure	2	(248,443)	(129,119)
(Decrease)/increase in cash in the period		<u>(231,815)</u>	<u>128,056</u>
<hr/>			
		£	£
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		<u>(231,815)</u>	<u>128,056</u>
Movement in net debt in the period	3	(231,815)	128,056
Net debt at 1 June 1995		<u>(2,189,175)</u>	<u>(2,317,231)</u>
Net debt at 30 November 1996	3	<u><u>(2,420,990)</u></u>	<u><u>(2,189,175)</u></u>

The notes form part of these financial statements

THE WIGAN FOOTBALL CLUB LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Period 1 June 1995 to 30 November 1996**

1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Period 1/6/95 to 30/11/96 £	Year Ended 31/5/95 £
Operating (loss)/profit	(489,656)	261,373
Depreciation	118,680	66,557
Interest receivable	(6,302)	-
Decrease/(Increase) in stocks	43,236	(61,300)
Decrease/(Increase) in debtors	31,548	(43,904)
Increase in creditors	<u>518,964</u>	<u>168,027</u>
Net cash inflow from operating activities	<u>216,470</u>	<u>390,753</u>

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

	Period 1/6/95 to 30/11/96 £	Year Ended 31/5/95 £
Returns on investments and servicing of finance		
Interest paid	(206,144)	(132,712)
Interest received	<u>6,302</u>	<u>-</u>
Net cash outflow from returns on investments and servicing of finance	<u>(199,842)</u>	<u>(132,712)</u>
Capital expenditure		
Purchase of tangible fixed assets	(323,443)	(129,119)
Contributions received	<u>75,000</u>	<u>-</u>
Net cash outflow from capital expenditure and financial investment	<u>(248,443)</u>	<u>(129,119)</u>

The notes form part of these financial statements

THE WIGAN FOOTBALL CLUB LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Period 1 June 1995 to 30 November 1996**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/6/95 £	Cash flow £	Other Changes £	At 30/11/96 £
Cash in hand	100	-	-	100
Bank overdraft	(274,728)	(310,411)	-	(585,139)
	<u>(274,628)</u>	<u>(310,411)</u>	<u>-</u>	<u>(585,039)</u>
Bank loan due within 1 year	(48,000)	48,000	(266,970)	(266,970)
Bank loan due after 1 year	(1,347,474)	96,424	266,970	(984,080)
Other loans due after 1 year	(519,073)	(64,435)	-	(583,508)
Hire purchase	-	(1,393)	-	(1,393)
	<u>(1,914,547)</u>	<u>78,596</u>	<u>-</u>	<u>(1,835,951)</u>
Total	<u>(2,189,175)</u>	<u>(231,815)</u>	<u>-</u>	<u>(2,420,990)</u>

The notes form part of these financial statements

THE WIGAN FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 1 June 1995 to 30 November 1996

1. ACCOUNTING POLICIES

Accounting Policies

A summary of the principal accounting policies adopted by the company during the period is set out below:

Basis of preparing the financial statements

The directors have considered the following matters and have concluded that it is appropriate to prepare the financial statements on the going concern basis:

- i) Bank facilities - The company's bankers have agreed to extend the company's facilities subject to normal periodic reviews; the next review being on 31 March 1998. These facilities remain repayable on demand and have been granted on the basis of current and projected financial information, and also under guarantees given by third parties.

The board have received assurances of ongoing support from the company's bankers and are looking at proposals for the restructuring of the company's finances. Notwithstanding this, and in conjunction with the matters referred to below, the board believe that adequate finance is currently in place to allow the company to continue to trade in the foreseeable future

- ii) Loan Monies - All directors loan account balances and certain other loan providers have been reimbursed in full since the balance sheet date.
- iii) Sponsorship arrangements - The company has received and is anticipating continuing financial support from its major sponsors, NORWEB, NIKE and Tesco; along with advances from News Corporation. These monies are subject to contractual arrangements and whilst the directors are not aware of any breaches there are various terms and conditions attached to the monies advanced which require fulfilling in the future.
- iv) Ongoing losses - The company is trading at a significant loss for the year ended 30 November 1997 and is anticipated to continue to operate at a loss for the twelve months to 30 November 1998. Measures have been taken to increase revenue, control costs, and improve the financial and management controls and the directors are confident that the company will return to profitability in the period thereafter.
- v) Sale of land and buildings, known as Central Park - The company has entered into a contract with Tesco for the sale of the land and buildings, known as Central Park. There are various terms and conditions attached to this contract which have not yet been fully complied with as at the date of signing of the balance sheet, but it is likely that they will be fulfilled within the coming twelve months. The directors are currently pursuing viable alternative playing arrangements within Wigan Borough.

The financial statements do not include any adjustments that would result, should any or all of the above matters materially alter.

THE WIGAN FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 1 June 1995 to 30 November 1996

1. ACCOUNTING POLICIES (continued)

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards.

Playing staff

The cost of purchase of players' registration fees and sale proceeds from players' registration fees are taken to Profit and Loss Account in the period in which they fall due.

Amounts payable in respect of players' signing on and agents fees are written off as incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation of tangible fixed assets has been calculated so as to write off the cost or revalued amount of each asset over its estimated useful life as follows:

Freehold & long leasehold land	-	Nil
Freehold & long leasehold buildings	-	2% per annum on straight line basis
Motor vehicles	-	25% per annum on a reducing balance basis
Fixtures, tools & equipment	-	20% per annum on a reducing balance basis

Turnover

Turnover represents match receipts and sales, excluding VAT, of goods and services in the normal course of business, and arose wholly in the United Kingdom.

Repairs and renewals and ground upkeep

All expenditure is written off as incurred.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account as incurred.

Stock

Stock, comprising souvenirs and goods for resale, is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. TURNOVER

The turnover and loss (1995- profit) before taxation are attributable to the one principal activity of the company, which is continuing and arose wholly within the United Kingdom.

THE WIGAN FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 1 June 1995 to 30 November 1996

3. STAFF COSTS

	Period 1/6/95 to 30/11/96 £	Year Ended 31/5/95 £
Wages and salaries	<u>4,241,718</u>	<u>2,517,220</u>

The average monthly number of employees during the period was as follows:

	Period 1/6/95 to 30/11/96	Year Ended 31/5/95
Playing and coaching staff	77	82
Groundsmen	3	3
Administration	<u>15</u>	<u>17</u>
	<u>95</u>	<u>102</u>

4. OPERATING (LOSS)/PROFIT

The operating loss (1995 - operating profit) is stated after charging/(crediting):

	Period 1/6/95 to 30/11/96 £	Year Ended 31/5/95 £
Hire of equipment	44,715	10,779
Depreciation - owned assets	118,680	66,557
(Profit)/Loss on sale of players	(594,452)	87,606
Auditors' remuneration		
- audit fees	10,000	8,000
- non audit services	<u>5,414</u>	<u>5,358</u>
Directors' emoluments	<u>-</u>	<u>-</u>

THE WIGAN FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Period 1 June 1995 to 30 November 1996**

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1/6/95 to 30/11/96 £	Year Ended 31/5/95 £
Bank interest	204,341	131,020
Loan interest	546	1,114
Debenture interest	<u>1,257</u>	<u>578</u>
	<u>206,144</u>	<u>132,712</u>

6. TAXATION

No liability to UK corporation tax arose on ordinary activities for the period ended 30 November 1996 nor for the year ended 31 May 1995.

7. TANGIBLE FIXED ASSETS

	<u>Long Leasehold Property</u>	<u>Land & Buildings</u>	<u>Fixtures, Tools & Equipment</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£	£	£
COST OR VALUATION:					
At 1 June 1995	90,557	4,496,918	138,597	9,600	4,735,672
Additions	<u>-</u>	<u>190,829</u>	<u>57,614</u>	<u>-</u>	<u>248,443</u>
At 30 November 1996	<u>90,557</u>	<u>4,687,747</u>	<u>196,211</u>	<u>9,600</u>	<u>4,984,115</u>
DEPRECIATION:					
At 1 June 1995	3,518	192,694	86,491	4,254	286,957
Charge for period	<u>2,716</u>	<u>81,998</u>	<u>31,962</u>	<u>2,004</u>	<u>118,680</u>
At 30 November 1996	<u>6,234</u>	<u>274,692</u>	<u>118,453</u>	<u>6,258</u>	<u>405,637</u>
NET BOOK VALUE:					
At 30 November 1996	<u>84,323</u>	<u>4,413,055</u>	<u>77,758</u>	<u>3,342</u>	<u>4,578,478</u>
At 31 May 1995	<u>87,039</u>	<u>4,304,224</u>	<u>52,106</u>	<u>5,346</u>	<u>4,448,715</u>

THE WIGAN FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 1 June 1995 to 30 November 1996

7. TANGIBLE FIXED ASSETS - (Continued)

The freehold and long leasehold land, buildings, stands and furnishings and flood-lighting equipment, known as Central Park was revalued on 31 May 1991 at open market value on the basis of existing use at £2,500,000 by Messrs Houlstons and Co, Chartered Surveyors. The development known as the Whitbread Stand was not included in the valuation as it was not completed at 31 May 1991. This valuation has been relied upon by the directors and approximates to depreciated replacement cost.

The valuation did not distinguish between land and buildings nor between freehold and long leasehold. It has been necessary to reclassify the assets relating to Central Park under a general heading of land and buildings as from 31 May 1991 to accommodate the valuation.

Cost or valuation of land and buildings at 30 November 1996 comprises:

	£
Cost	2,187,747
Valuation	2,500,000
	<u>4,687,747</u>

On an historical cost basis the net book value of land and buildings is:

	£
Cost	3,010,591
Depreciation	(437,740)
At 30 November 1996	<u>2,572,851</u>

8. STOCKS

	1996	1995
	£	£
Souvenirs and goods for re-sale	<u>52,814</u>	<u>96,050</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996	1995
	£	£
Trade debtors	223,022	213,471
Other debtors and prepayments	<u>6,069</u>	<u>47,168</u>
	<u>229,091</u>	<u>260,639</u>

THE WIGAN FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Period 1 June 1995 to 30 November 1996**

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1996	1995
	£	£
Bank loans and overdrafts (see note 12)	852,109	322,728
Trade creditors	778,555	519,531
Hire purchase (secured)	1,393	-
Social security & other taxes	403,292	460,397
Accruals and deferred income	554,852	268,803
	<u>2,590,201</u>	<u>1,571,459</u>

Accruals and deferred income include sponsorship monies and executive box deposits received in advance relating to 1997 and future years.

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1996	1995
	£	£
Bank loans (see note 12)	984,080	1,347,474
£112,000 5% Debenture Stock 2005	112,000	112,000
Loans from Rugby Football League	-	7,565
Directors' and other loans (see note 13)	471,508	399,508
Accruals and deferred income	277,349	246,353
	<u>1,844,937</u>	<u>2,112,900</u>

THE WIGAN FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 1 June 1995 to 30 November 1996

12. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	1996 £	1995 £
Amounts falling due within one year or on demand:		
Bank overdrafts	585,139	274,728
Bank loans	<u>266,970</u>	<u>48,000</u>
	<u>852,109</u>	<u>322,728</u>
Amounts falling due between one and two years:		
Bank loans	<u>260,000</u>	<u>48,000</u>
Amounts falling due between two and five years:		
Bank loans	<u>724,080</u>	<u>219,000</u>
Amounts falling due after more than five years:		
Bank loans	<u>-</u>	<u>1,080,474</u>

Banking facilities are reviewed periodically and are repayable on demand, subject to agreed repayment terms and such reviews. The bank loans due after more than one year carry interest at 2 1/4% above bank base rate.

THE WIGAN FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 1 June 1995 to 30 November 1996

13. SECURED DEBTS

The bank overdraft and loans are secured by a legal mortgage dated 9 March 1981 over freehold and long leasehold land situated at Powell Street, Hilton Street and Colinfield House, Wigan known as Central Park, and also a mortgage debenture dated 17 December 1992.

An Extraordinary General Meeting was held on 24 July 1995 approving the redemption of the 5% Debenture Stock 1995 and reissuing a further £112,000 5% Debenture Stock 2005 at par. The shareholders retained the power to appoint to remove directors at an Extraordinary General Meeting. The 5% Debenture Stock 2005 is secured by a floating charge over the assets of the company, (subject to other charges held by National Westminster Bank PLC). The directors waived their right to interest on their holding of Debenture Stock.

£100,000 of directors loans were secured by way of a second legal charge, over the land and buildings known as Central Park. This was fully discharged on 19 March 1997. The remaining directors and other loans were unsecured, interest free and had no fixed repayment date, but were repayable on demand. A board resolution in March 1997 subsequently allowed an interest coupon to apply to these loans at 6% (gross) per annum from the original date of investment and all directors loan monies have now been repaid in full.

Tesco Stores Limited have been granted a fixed charge of £1,500,000, over the land and buildings known as Central Park, ranking behind that of National Westminster Bank PLC, in consideration for their advancing monies to the company under the terms of a contract of sale dated 27 February 1997.

14. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

No provision has been made for Capital Gains Tax which will become due on the sale of land and buildings, known as Central Park, as all the terms and conditions of a contract of sale to Tesco Stores Limited on 27 February have not yet been fully complied with. However, the potential amount of Capital Gains Tax should the sale proceed has been calculated using known figures at the date of this report.

The amounts for which no provision has been made in respect of deferred taxation, are as follows:

	1996	1995
	£	£
Capital Gains Tax on sale of land and buildings	<u>500,000</u>	<u>500,000</u>

15. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

	1996	1995
	£	£
16,000 Ordinary Shares of £1 each	<u>16,000</u>	<u>16,000</u>

THE WIGAN FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Period 1 June 1995 to 30 November 1996

16. REVALUATION RESERVE

	1996 £	1995 £
Surplus on revaluation of land and buildings	<u>1,832,460</u>	<u>1,832,460</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
(Loss)/Profit for the financial period	<u>(695,800)</u>	<u>128,661</u>
NET (REDUCTION)/ADDITION TO SHAREHOLDERS' FUNDS	(695,800)	128,661
Opening shareholders' funds	<u>1,121,145</u>	<u>992,484</u>
CLOSING SHAREHOLDERS' FUNDS	<u>425,345</u>	<u>1,121,145</u>
Equity interests	<u>425,345</u>	<u>1,121,145</u>

18. CONTINGENT LIABILITIES

There are contractual obligations to pay players and coaching staff dependent on future performance criteria, which have not been provided for in these accounts. Performance related payments are written off in the period to which they relate.

19. CAPITAL COMMITMENTS

a) The company had the following contractual obligations, relating to players' contracts:

	£
Due within one year	<u>1,110,053</u>
Due between one and five years	<u>1,342,750</u>

Where contract terms have been amended since the Balance Sheet date the revised amounts will be reflected in the 1997 accounts.

b) The Company had authorised and contracted for capital expenditure at the Balance Sheet date of £Nil (1995 - £250,000).

THE WIGAN FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT for the Period 1 June 1995 to 30 November 1996

20. TRANSACTIONS WITH DIRECTORS

M D Leatherbarrow, a director of the company, has the use of the premises within the club for a business in which he has a significant financial interest, "The Riverside Cabaret Club". The Riverside Cabaret Club provides bar and catering services and had trading balances with the company as follows:

	£
Sales (including rent) during the period	96,497
	<u> </u>
Sales ledger balance at 30.11.96	82
	<u> </u>
Purchases during the period	142,240
	<u> </u>
Purchase ledger balance at 30.11.96	8,622
	<u> </u>
Loan account at 30.11.96	150,000
	<u> </u>

In addition M D Leatherbarrow has negotiated an agreement with Whitbread, whereby the company receive barrelage discounts of £128,899 instead of the Riverside Cabaret Club.

The total contributions made by the Riverside Cabaret Club to the company during the period amounted to £209,396.

A W Thomas, a former director of the company, and a company in which he has a significant financial interest, A W T Painters Ltd, had trading balances with the company as follows:

	£
Sales during the period	27,285
	<u> </u>
Sales ledger balance at 30.11.96	878
	<u> </u>
Loan account at 30.11.96	100,000
	<u> </u>

T A Rathbone, a former director of the company, and a company in which he has a significant financial interest, Inn Club of Lancashire Ltd, has trading balances with the company as follows:

	£
Sales during the period	4,000
	<u> </u>
Sales ledger balance at 30.11.96	3,015
	<u> </u>
Loan account balance at 30.11.96	11,000
	<u> </u>

J Robinson, a former director of the company, and a business in which he has a significant financial interest, J Robinson (Antiques), had the following balance with the company:

	£
Loan account at 30.11.96	210,508
	<u> </u>

THE WIGAN FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT for the Period 1 June 1995 to 30 November 1996

21. POST BALANCE SHEET EVENTS

An EGM held on 10 April 1997 gave details of the contract for sale agreed between the company and Tesco Stores Limited ("Tesco") signed on 27 February 1997, of the land and buildings, known as Central Park, in the sum of £8,750,000. This is subject to agreement between the company and Wigan MBC concerning access to the site, and in particular an area of land referred to as the "ransom strip". The sale of this land and its value have yet to be agreed. As part of this signed agreement, £1,500,000 was advanced to the company by Tesco in the form of a secured returnable deposit which alleviated the cash flow problems encountered by the company at that time. There are various terms and conditions attached to the contract for sale, including a timetable and contingencies, specifically relating to detailed planning permission and site access being confirmed. To date the various terms and conditions have not been fully complied with but the directors have assumed that the sale is irreversible and are pursuing viable alternative playing arrangements within Wigan Borough.

In addition Tesco have agreed to a sponsorship package and supplemental agreement to run in conjunction with the contract for sale, whereby Tesco are to become one of the club's three main sponsors, alongside NORWEB and NIKE.

THE WIGAN FOOTBALL CLUB LIMITED

DETAILED PROFIT AND LOSS ACCOUNT for the Period 1 June 1995 to 30 November 1996

	Period 1/6/95 to 30/11/96		Year Ended 31/5/95	
	£	£	£	£
Income:				
Match Receipts	1,587,999		1,544,560	
Season & vice president tickets	591,448		468,297	
Television, advertising & sponsorship	1,145,464		970,853	
Sundry receipts	<u>192,934</u>		<u>305,602</u>	
		3,517,845		3,289,312
Other income:				
Profit/(Loss) on transfer of players	594,452		(87,606)	
Shop, rents & catering concessions	314,422		190,489	
Bank interest	6,302		-	
Donations	349,414		324,326	
News Corporation	<u>763,125</u>		<u>-</u>	
		<u>2,027,715</u>		<u>427,209</u>
		5,545,560		3,716,521
Expenditure:				
Wages, salaries & national insurance	4,241,718		2,517,220	
Players' signing-on and agents' fees	449,395		94,589	
Telephone & fax	28,905		14,812	
Printing, stationery & advertising	64,968		25,899	
Police & security	65,727		53,908	
Travel & accommodation	144,459		104,550	
Training & medical expenses	284,194		161,037	
Hire of equipment	44,715		10,779	
Repairs, renewals & ground upkeep	98,453		68,767	
Sundry expenses	124,110		77,612	
Auditors remuneration	10,000		8,000	
Accountancy & taxation services	5,414		5,358	
Legal and professional	85,859		65,224	
Bad debts	30,019		9,207	
Rent, rates & water	113,984		70,750	
Insurance	43,692		28,024	
Light & heat	38,925		26,240	

This page does not form part of the statutory financial statements

THE WIGAN FOOTBALL CLUB LIMITED

DETAILED PROFIT AND LOSS ACCOUNT for the Period 1 June 1995 to 30 November 1996

	Period 1/6/95 to 30/11/96		Year Ended 31/5/95	
	£	£	£	£
Levy funds & cup pools	5,529		28,991	
Radio station	<u>21,849</u>		<u>-</u>	
		<u>5,901,915</u>		<u>3,370,967</u>
		(356,355)		345,554
Finance costs:				
Bank interest	204,341		131,020	
Loan interest	546		1,114	
Debenture interest	1,257		578	
Bank charges	<u>14,621</u>		<u>17,624</u>	
		<u>220,765</u>		<u>150,336</u>
		(577,120)		195,218
Depreciation:				
Long leasehold property	2,716		1,811	
Land & buildings	81,998		49,938	
Fixtures, tools & equipment	31,962		13,026	
Motor vehicles	<u>2,004</u>		<u>1,782</u>	
		<u>118,680</u>		<u>66,557</u>
NET (LOSS)/PROFIT		<u>(695,800)</u>		<u>128,661</u>