

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007



Clement Keys

CHARTERED ACCOUNTANTS

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COMPANY INFORMATION

DIRECTORS

J R Peace
J J Evans (resigned 30/06/07)
J W Brandrick
M J Jenkins
J T Farmer
T Gardiner
M Davies (appointed 05/10/06)
D Eales (appointed 01/07/07)

SECRETARY

J J Evans (resigned 30/06/07)
D Eales (appointed 01/07/07)

COMPANY NUMBER

3295063

REGISTERED OFFICE

The Hawthorns
West Bromwich
West Midlands
B71 4LF

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DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2007

The directors present their report and the financial statements for the year ended 30 June 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,531,469 (2006 – Loss £3,889,279)

The directors do not recommend the payment of a dividend

DIRECTORS

The directors who served during the year had no interests in the share capital of the company

**DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2007**
(continued)

The directors who served during the year and their interests in the issued share capital of the ultimate parent company, West Bromwich Albion Holdings Limited, are shown below

	Ordinary shares of £1 each	
	2007	2006
J R Peace	43,511	43,511
J J Evans (resigned 30/06/2007)	-	-
J W Brandrick	2,058	2,058
M J Jenkins	41	41
J T Farmer	11	11
T Gardiner	-	-
M Davies (appointed 05/10/2006)	-	-
D Eales (appointed 01/07/07)	-	-

No directors held any Premier shares in West Bromwich Albion Holdings Limited

EVENTS SINCE THE END OF THE YEAR

Since 30 June 2007 the Club has acquired players registrations and loans at a total initial cost of £12m (2006 £0 7m) Furthermore the Club has sold players registrations for an initial sum of £17 7m (2006 £0 2m)

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

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

AUDITORS

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

This report was approved by the board on 12 September 2007 and signed on its behalf


M J Jenkins
Director

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

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

We have audited the financial statements of West Bromwich Albion Football Club Limited for the year ended 30 June 2007 set out on pages 6 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its results for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

CLEMENT KEYS

Chartered Accountants
Registered Auditors
39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

12 September 2007

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 30 June 2007

	2007 Operations excluding player amortisation and trading £	2007 Player trading £	2007 Total £	2006 Total £
TURNOVER (Note 1,2)	23,796,813	-	23,796,813	35,540,022
Operating expenses	(24,203,406)	(1,144,753)	(25,348,159)	(33,646,095)
Exceptional item (Note 7)	-	3,017,934	3,017,934	(9,413,778)
OPERATING PROFIT/(LOSS) before profit on disposal of players' registrations (Note 3)	<u>(406,593)</u>	<u>1,873,181</u>	<u>1,466,588</u>	<u>(7,519,851)</u>
Profit on disposal of player registrations	-	3,717,019	3,717,019	2,377,357
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	<u>(406,593)</u>	<u>5,590,200</u>	<u>5,183,607</u>	<u>(5,142,494)</u>
Interest receivable			9,502	203,967
Interest payable (Note 6)			(222,095)	(311,885)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			<u>4,971,014</u>	<u>(5,250,412)</u>
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (Note 8)			<u>(1,439,545)</u>	<u>1,361,133</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION (Note 18)			<u><u>3,531,469</u></u>	<u><u>(3,889,279)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account

The notes on pages 9 to 20 form part of these financial statements

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

**NOTES OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30JUNE 2007**

	2007 £	2006 £
REPORTED PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4,971,014	(5,250,412)
Realisation of valuation gains of previous periods	91,789	91,789
HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>5,062,803</u>	<u>(5,158,623)</u>
HISTORICAL COST PROFIT/(LOSS) FOR THE YEAR RETAINED AFTER TAXATION	<u>3,623,258</u>	<u>(3,797,490)</u>

The notes on pages 9 to 20 form part of these financial statements

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

BALANCE SHEET AS AT 30 JUNE 2007

	Notes	2007		2006	
		£	£	£	£
FIXED ASSETS					
Intangible fixed assets	9		4,891,785		1,981,736
Tangible fixed assets	10		<u>20,823,794</u>		<u>20,348,617</u>
			25,715,579		22,330,353
CURRENT ASSETS					
Stocks	11	300,694		320,972	
Debtors	12	10,074,203		9,697,595	
Cash at bank and in hand		8,860		7,818	
		<u>10,383,757</u>		<u>10,026,385</u>	
CREDITORS: amounts falling due within one year	13	(25,127,108)		(24,243,323)	
NET CURRENT LIABILITIES			(14,743,351)		(14,216,938)
TOTAL ASSETS LESS CURRENT LIABILITIES			10,972,228		8,113,415
CREDITORS: amounts falling due after more than one year	14		(2,115,280)		(2,928,199)
PROVISIONS FOR LIABILITIES					
Deferred Taxation	15	(713,401)		(679,456)	
Other provisions	16	(318,318)		(212,000)	
			<u>(1,031,719)</u>		<u>(891,456)</u>
NET ASSETS			<u>7,825,229</u>		<u>4,293,760</u>
CAPITAL AND RESERVES					
Called up share capital	17		2		2
Revaluation reserve	18		4,826,354		4,918,143
Profit and loss account	18		2,998,873		(624,385)
SHAREHOLDERS' FUNDS – All equity	19		<u>7,825,229</u>		<u>4,293,760</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 September 2007


M J Jenkins
Director

The notes on pages 9 to 11 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1 Accounting policies

1.1 Basis of preparation of Financial Statements

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

1.2 Cash flow

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

1.3 Turnover

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

1.4 Intangible fixed assets and amortisation

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

1.5 Tangible fixed assets and depreciation

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

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

1.6 Revaluation of tangible fixed assets

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

1.7 Capitalisation of interest

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)**

1 8 Leases and hire purchase commitments

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

1 9 Operating leases

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

1 10 Stocks

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

1.11 Deferred taxation

Provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. Deferred tax is not provided for on timing differences arising from the revaluation of fixed assets in the financial statements. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

1 12 Pensions

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

1 13 Grants

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (CONTINUED)**

1 14 Financial instruments

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

2 TURNOVER

	2007	2006
	£	£
Gate Receipts	7,998,499	8,730,389
Merchandising	2,294,209	2,004,214
Media Related Activities	9,398,465	19,797,929
Other Commercial Income	4,105,640	5,007,490
	<u>23,796,813</u>	<u>35,540,022</u>

All turnover arose within the United Kingdom

3 OPERATING PROFIT

The operating profit/(loss) is stated after charging

	2007	2006
	£	£
Amortisation & impairment – intangible fixed asset	1,144,753	16,513,324
Depreciation of tangible fixed assets		
- owned by the company	731,961	891,543
- held under finance leases	-	7,046
Auditors' remuneration	18,500	17,500
Auditors' remuneration – non-audit	6,615	10,485
Operating lease rentals		
- plant and machinery	40,000	40,000
- other operating leases	-	-
Release of property development reserve	(27,084)	(27,084)
Release of grant	(91,442)	(70,252)
	<u> </u>	<u> </u>

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2007 £	2006 £
Wages and salaries	15,648,332	18,094,958
Social security costs	1,664,987	2,127,915
Other pension costs	150,600	138,121
	<u>17,463,919</u>	<u>20,360,994</u>

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

	2007 No	2006 No
Players and coaching staff	41	38
Scholars	16	15
Administration and commercial staff	56	52
Ground staff	16	14
	<u>129</u>	<u>119</u>

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

5 DIRECTORS REMUNERATIONS

	2007 £	2006 £
Emoluments	604,707	526,283
Fees	48,000	48,000
	<u>63,784</u>	<u>40,716</u>

During the year retirement benefits were accruing to 5 directors (2006 – 3) in respect of money purchase pension schemes

The highest paid director received remuneration of £269,058 (2006 - £281,189)

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £40,000 (2006 - £28,000)

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

6. INTEREST PAYABLE

	2007	2006
	£	£
On bank loans and overdrafts	221,811	220,643
On other loans	284	91,242
	<u>222,095</u>	<u>311,885</u>

7 EXCEPTIONAL ITEMS

Impairment loss on player registrations	-	9,413,778
Reversal of past impairment losses on player registrations	(3,017,934)	-
	<u></u>	<u></u>

The reversal of past impairment losses arises as a result of a directors' review of the carrying value of players' registrations

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

8 TAXATION

	2007 £	2006 £
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax on profits of the period	1,405,600	-
Adjustments in respect of prior periods	-	(1,349,672)
Total current tax	<u>1,405,600</u>	<u>(1,349,672)</u>
Deferred tax		
Origination and reversal of timing differences	(55,419)	(647)
Roll over relief on profit on sale of player registrations	78,550	-
Trade losses utilised /(carried forward)	10,814	(10,814)
Total deferred tax (see note 15)	<u>33,945</u>	<u>(11,461)</u>
Tax on profit/(loss) on ordinary activities	<u>1,439,545</u>	<u>(1,361,133)</u>

Factors affecting tax charge for the period

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

	2007 £	2006 £
Profit/(loss) on ordinary activities before tax	<u>4,971,014</u>	<u>(5,250,412)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 – 30%)	1,491,304	(1,575,124)
Effects of:		
Expenses not deductible for tax purposes	1,000	45,104
Fixed asset timing differences	(46,325)	19,501
Player registration timing differences	(23,565)	89,952
Other items	(16,814)	10,808
Adjustments to tax charge in respect of prior periods	-	60,087
Current tax charge/(credit) for the year	<u>1,405,600</u>	<u>(1,349,672)</u>

Factors that may affect future tax charges

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

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

9. INTANGIBLE FIXED ASSETS

	Player registrations £
Cost	
At 1 July 2006	24,800,891
Additions	1,036,868
Disposals	(3,869,580)
At 30 June 2007	21,968,179
Amortisation	
At 1 July 2006	22,819,155
Charge for period	1,144,753
Reversal of impairment	(3,017,934)
Disposals	(3,869,580)
	17,076,394
Net book value	
At 30 June 2007	4,891,785
At 30 June 2006	1,981,736

10. TANGIBLE FIXED ASSETS

	Land and building £	Equipment £	Total £
Cost			
At 1 July 2006	22,423,462	3,476,802	25,900,264
Additions	995,678	211,460	1,207,138
Disposals	-	-	-
At 30 June 2007	23,419,140	3,688,262	27,107,402
Depreciation			
At 1 July 2006	2,871,230	2,680,417	5,551,647
Charge for year	426,873	305,088	731,961
On disposals	-	-	-
Net book value	3,298,103	2,985,505	6,283,608
At 30 June 2007	20,121,037	702,757	20,823,794
At 30 June 2006	19,552,232	796,385	20,348,617

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

10 TANGIBLE FIXED ASSETS (continued)

Land and buildings includes £658,437(2006 £666,156) in respect of long leasehold property

Cost or valuation of land and buildings at 30 June 2007 is as follows

	Land and buildings £
At cost	17,627,105
At valuation.	5,792,035
See below	<u>23,419,140</u>

The Hawthorns Stadium is valued at depreciated replacement cost and the Tom Silk building is valued on the basis of open market value as advised by Dunlop Haywood, Consultant Surveyors, Manchester. The valuation was carried out at 31 January 1996 and additions since that date are stated at cost. Interest capitalised in earlier periods and included in freehold land and buildings amounts to £42,498 (2006 -£42,498)

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

	2007 £	2006 £
Cost	17,627,105	16,631,427
Accumulated depreciation	(2,332,422)	(1,997,337)
At 30 June 2007	<u>15,294,683</u>	<u>14,634,090</u>

11. STOCKS

	2007 £	2006 £
Goods for resale	300,694	320,972
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

12 DEBTORS

	2007 £	2006 £
Trade debtors	2,263,909	2,991,468
Amounts owed by group undertakings	7,099,822	6,257,412
Other debtors	404,137	214,858
Prepayments and accrued income	306,335	233,857
	<u>10,074,203</u>	<u>9,697,595</u>

13 CREDITORS

Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdraft	4,058,490	1,064,351
Trade creditors	1,531,156	4,712,295
Deferred grants	66,813	65,646
Amounts owed to group undertakings	10,182,344	10,023,632
Corporation tax	1,405,600	-
Social security and other taxes	1,222,790	1,661,145
Other creditors	245,303	188,491
Accruals and deferred income	6,414,612	6,527,763
	<u>25,127,108</u>	<u>24,243,323</u>

The bank loans and overdraft are secured by charges over some of the freehold property of the company and a fixed and floating charge over some of the companies other assets

14 CREDITORS

Amounts falling due after more than one year

	2007 £	2006 £
Bank loans and overdraft	-	500,000
Trade creditors	-	763,500
Deferred grants	2,082,655	1,509,199
Accruals and deferred income	32,625	155,500
	<u>2,115,280</u>	<u>2,928,199</u>

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

15 DEFERRED TAXATION

	2007 £	2006 £
At 1 July 2006	679,456	690,917
Provided/(released) during the year	33,945	(11,461)
At 30 June 2007	<u>713,401</u>	<u>679,456</u>

The provision for deferred taxation is made up as follows

	2007 £	2006 £
Accelerated capital allowances	635,498	690,917
Roll over relief on profit on sale of player registrations	77,903	(647)
Trade losses carried forward	-	(10,814)
	<u>713,401</u>	<u>679,456</u>

16 PROVISIONS

	£
	Onerous contract
At 1 July 2006	212,000
Additions	106,318
Amounts released	-
At 30 June 2007	<u>318,318</u>

The onerous contract provision comprises the value of a present obligation in respect of a contract for which the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received

17 SHARE CAPITAL

	2007 £	2006 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	2007 £	2006 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

18. RESERVES

	Revaluation Reserve £	Profit and loss account £
At 1 July 2006	4,918,143	(624,385)
Profit /(loss) retained for the year	-	3,531,469
Transfer between Revaluation reserve and Profit and Loss account	(91,789)	91,789
At 30 June 2007	<u>4,826,354</u>	<u>2,998,873</u>

19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Opening shareholders' funds	4,293,760	8,183,039
Profit/(loss) for the year	3,531,469	(3,889,279)
Closing shareholders' funds	<u>7,825,229</u>	<u>4,293,760</u>

20. CONTINGENT LIABILITIES

- a) The terms of certain contracts with other football clubs in respect of the purchase of players' registrations include the payment of certain amounts upon fulfilment of a specific number of appearances in the future, which amount to £160,000 (2006 £514,004). Similar terms exist in contracts for the sale of players' registrations but the directors consider that the likely future effect on the accounts is not significant.
- b) The company is party to a cross guarantee and debenture over its assets to secure balances due to bankers by other group companies. At 30 June 2007 the contingent liability is £1,912 (2006 £1,961).

21 CAPITAL COMMITMENTS

At 30 June 2007 the company had capital commitments of £nil (2006 £nil)

22 OPERATING LEASE COMMITMENTS

At 30 June 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2007 £	2006 £	2007 £	2006 £
Expiry date				
Between 2 and 5 years	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENT (CONTINUED)

23 TRANSACTIONS WITH DIRECTORS AND RELATED PARTY TRANSACTIONS

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

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

24 POST BALANCE SHEET EVENTS

Since 30 June 2007 the Club has acquired players registrations and loans at a total initial cost of £12m(2006 -£0.7m). Furthermore the Club has sold players registrations for an initial sum of £17.7m (2006 £0.2m).

25 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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