

Company registration number 03295063 (England and Wales)

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

COMPANY INFORMATION

| | | |
|------------------|---------------------------------------|--|
| Directors | R Gourlay G Lai M Miles K Xu | (Appointed 8 February 2022) (Appointed 8 February 2022) |
|------------------|---------------------------------------|--|

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|-----------------------|----------|
| Company number | 03295063 |
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|--------------------------|---|
| Registered office | The Hawthorns West Bromwich United Kingdom B71 4LF |
|--------------------------|---|

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|----------------|--|
| Auditor | Azets Audit Services 6th Floor, Bank House 8 Cherry Street Birmingham United Kingdom B2 5AL |
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WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

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WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present the strategic report for the year ended 30 June 2022.

Fair review of the business

The 2021/22 Season saw West Bromwich Albion Football Club compete in the EFL Championship following relegation from the English Premier League.

The Board decided that Valérien Ismaël, who had a successful 2020/21 season where he led another Championship football club to the play-offs, should be appointed Head Coach for the season ahead.

Although relegation brought about a significant reduction in revenue, it was agreed with the Club's controlling shareholder that as strong a squad as possible should be retained in order to enhance the prospects of an immediate return to the English Premier League. While four senior players (Matheus Pereira, Ahmed Hegazy, Rekeem Harper, Sam Field) were sold, the board resisted offers for other senior players and recruited Alex Mowatt, Adam Reach, Jayson Molumby, Matt Clarke, Kean Bryan, Daryl Dike and Andy Carroll to strengthen the squad.

Unfortunately, the team were unable to consistently deliver positive results that suggested a challenge for promotion. With regret, Valérien Ismaël left his position as Head Coach of the Club on 2 February 2022, and Steve Bruce was appointed as First Team Manager on 3 February 2022.

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

Financially, despite turnover decreasing from £106.9m to £65.4m due to a fall on the English Premier League media related activities income and sponsorship income, the Club generated a profit before tax for the year of £5.4m (period ended 30 June 2021: £0.1m)

Staff costs decreased to £42.3m (period ended 30 June 2021: £76.9m), with the decrease predominantly driven by the contractual salary decrease of first team players and coaching staff in the EFL Championship.

The Club has seen an overall net increase in cash of £4.7m (period ended 30 June 2021: Net decrease in cash of £11.6m), which is mainly attributed to a net inflow of £5.2m in player transfers (period ended 30 June 2021: Net outflow of £20.8m). Net operating cash flow shows an outflow of £0.9m this season in comparison with an inflow of £14.3m in season 2020/21 mainly due to reducing broadcasting income received from the English Premier League. The Club continues to re-base itself and maintain financial sustainability after relegation from the English Premier League.

The Club and its official charity partner The Albion Foundation continued during 2021-2022 season to support the local community. The Foundation opened an independent school, The Regis Academy - a short stay alternative education provision for primary school children on the verge of exclusion. They collaborated for the annual Foundation Day themed "Power the Powerchairs" which celebrated the nationally recognised powerchair programme that has 35 players and won the National League for the fourth consecutive year. Foundation Ambassador Dave Heeley completed the Foundation Cycle Challenge alongside Club Legend Chris Brunt and then cycled 700 miles in his "Escape from Colditz" challenge raising over £100,000 for the charity.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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

The board of directors of West Bromwich Albion Football Club Limited believe, both individually and as a collective, that they have acted in the best interests of the company in the decisions taken in the period to 30 June 2022. This is achieved through regular contact (verbal and written) with each other and, where relevant, the views and recommendations of members of the Senior Management Team and/or external advisors (where necessary) are taken into consideration.

The likely consequences of any decision in the long term

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

All decisions are designed to promote success on the pitch, whether this be promotion from the English Football League (EFL) to the English Premier League (EPL) or the work undertaken to build a playing squad capable of regaining its English Premier League status. The relatively short-term nature of these goals is tempered by the Club's commitment to remain financially stable. The Board considers all the potential impacts and risks for the Club, supporters, employees, the local community, suppliers, and governing authorities when making decisions, which believes to be in the best interest of the Company and its shareholders.

The interests of the company's employees

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

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

As a company we work closely with the business community across the local area in terms of using services, procuring goods, and providing conferencing facilities for them to use. Where possible, the company aims to support the local economy and recognizes the need to be socially responsible. The company has good working relationships with key stakeholders, particularly our principal club sponsors. The company actively engages with its regulatory bodies (the English Premier League, the English Football League and the Football Association) and is committed to operating within their framework of rules and regulations.

The Club's supporters are also of particular importance, and we are committed to maintaining an open dialogue with our supporters. The company ensures all facilities are maintained to a high standard and regularly engages in dialogue with supporters. This relationship is predominantly maintained through the Albion Assembly and shareholder meetings, which enable our supporters and shareholders to put questions to and discuss with our Chief Executive Officer and other senior Club officials.

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

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

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

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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

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

The need to act fairly as between members of the Group

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

Principal risks and uncertainties

The board is aware of the risks which affect the company. It has analysed previous seasons spent in the English Premier League and EFL Championship and has tried to implement lessons learnt from these experiences. The long-term policy of the Club is to strive to be a member of the English Premier League and improve its infrastructure year on year.

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

The Board also actively monitors and considers the role of the Financial Fair Play ('FFP') regulations in how it operates. These regulations require that the Board considers all aspects of how any player transfer or wage agreements entered into are beneficial to the Club in the long-term as well as the short-term. The Club remains compliant with the Financial Fair Play regulations in 2021/22 season. The Management of the Club will continue to review forecast compliance with Financial Fair Play regulations, and the directors believe they will remain compliant for the 2022/23 season.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

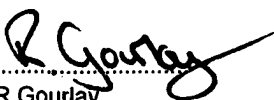
Key performance indicators

| | Period ended 30 June 2022 | Period ended 30 June 2021 | Period ended 31 July 2020 | Year ended 30 June 2019 | Year ended 30 June 2018 |
|--|------------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| League | Championship | Premier League | Championship | Championship | Premier League |
| Turnover | £65.4m | £106.9m | £53.7m | £70.8m | £124.8m |
| Operating profit/ (loss) before player trading | £4.6m | £21.1m | (£27.0m) | £6.3m | £11.9m |
| (Loss)/profit before tax | £5.4m | £0.1m | (£23.4m) | (£6.6m) | (£7.5m) |
| League position | 10th | 19th | 2nd | 4th | 20th |
| Points | 67 | 26 | 83 | 80 | 31 |
| Average attendance | 21,900 | N/A* | *24,100 | 24,100 | 24,500 |
| Season ticket holders | 17,680 | N/A** | 17,650 | 17,750 | 17,350 |

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

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

On behalf of the board



R Gourlay
Director

Date: 14/2/2023

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the year ended 30 June 2022.

Principal activities

The principal activity of the company continued to be that of a Professional Football Club.

Results and dividends

The results for the year are set out on page 11.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|-----------|-----------------------------|
| R Gourlay | (Appointed 8 February 2022) |
| G Lai | (Appointed 8 February 2022) |
| M Miles | |
| K Xu | |
| P Li | (Resigned 8 February 2022) |

Post reporting date events

Steve Bruce left his position as First Team Manager of the Club on 10 October 2022. Carlos Corberan was appointed as Head Coach of the Club on 26 October 2022.

Since 30 June 2022 the Club has purchased and sold player registrations at a total initial cost of £0.3m (30 June 2021, £6.1m) and for proceeds of £1.5m (30 June 2021, £19.3m).

In December 2022, West Bromwich Albion Group Limited secured a £20m loan facility from MSD UK Holdings Limited, which has been fully drawn down. The loan is secured by a fixed and floating charge over all of the assets of West Bromwich Albion Group Limited, West Bromwich Albion Football Club Limited, WBA Football Development Limited and West Bromwich Albion Heritage Limited. The loan is repayable over a 4-year term and carries a floating interest charge against the draw down amount being the daily non-cumulative compounded SONIA rate + 9.75%.

Employees

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

Disabled persons

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

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

Auditor

Azets Audit Services were appointed as auditor to the company and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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

| | Year Ended 30 June 2022 | Year Ended 30 June 2021 |
|---|----------------------------|----------------------------|
| Total energy use covering electricity, gas, other fuels and transport | 4,364,481 | 4,435,877 kWh |
| Total emissions generated through combustion of gas | 355 | 310tCO ₂ e |
| Total emissions generated through use of purchased electricity | 589 | 596tCO ₂ e |
| Total emissions generated through use of other fuels | 131 | 230tCO ₂ e |
| Total emissions generated through business travel | 72 | 47tCO ₂ e |
| Total gross emissions | 1,147 | 1,183tCO ₂ e |
| Intensity ratio (total gross emissions) by square foot Club premises | 5.32 | 5.47 kgCO ₂ e |

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

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

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

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Financial instruments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern and future developments

These financial statements are prepared on the going concern basis. The directors assess going concern on a group wide basis. The directors have a reasonable expectation that the group and company will continue in operate for the foreseeable future. This being at least 12 months from the approval of the financial statements. However, the directors are aware of certain material uncertainties, such as forecasted player trading not being achieved, which may cause doubt on the group and company's ability to continue as a going concern.

Following relegation to the English Football League Championship in season 20/21, and the resultant reduction in revenues as compared to the English Premier League over subsequent seasons, the Board have paid due consideration to the overall club's strategy, playing squad, and operating and financing cash flows, including all significant revenue streams, the operating cost base of the club, player trading and sources of finance.

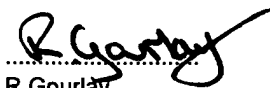
The group prepares detailed cash flow forecasts each financial year considering a range of reasonable foreseeable potential scenarios and material uncertainties in relation to income and costs, and has done so until the conclusion of season 23/24 – to 30 June 2024.

In December 2022, the group secured a 4-year £20m loan from MSD Holding UK Limited, which combined with the ability of the group to generate additional funds through reasonably foreseeable player trading, leads the directors to believe that the group should be able to meet its liabilities as they fall due for a period of at least 12 months from the date of signing the financial statements. However, should the forecasted player trading not be achieved, the group would need to both maintain existing and find further sources of funding or investment in order bridge its cash flow position until appropriate player transactions are fulfilled. Given that such funding or player trading is not guaranteed there is a material uncertainty present which may cast significant doubt about the group and company's ability to continue as a going concern.

The club retains a level of flexibility in its playing squad options and the directors will balance its financial needs with a squad that has the ability to still strive for promotion.

Based on the forecasts, which includes expectations for net player trading and the availability and use of external finance, and other cost reductions, the directors remain confident the group will generate sufficient resources to meet its liabilities as they fall due for a period of at least 12 months and the Board has therefore concluded that it is appropriate for the financial statements to be prepared on a going concern basis.

On behalf of the board



R Gourlay
Director

Date: 14/2/2023

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of West Bromwich Albion Football Club Limited (the 'company') for the year ended 30 June 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that should forecasted player trading be insufficient to enable the company to meet its liabilities as they fall due, the group of which the company is a member of, would need to both maintain existing and find further sources of funding or investment in order bridge its cash flow position until appropriate player transactions are fulfilled. As stated in note 1.2, given that such funding or player trading is not guaranteed, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

Extent to which our procedures are capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management, including legal counsel, the company's lawyers and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Ben Sheldon ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: 15/02/2023
.....

Chartered Accountants
Statutory Auditor

6th Floor, Bank House
8 Cherry Street
Birmingham
United Kingdom
B2 5AL

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

| | | Operations excluding player amortisation and trading | Player amortisation and trading | 12 month period ended 30 June Total | 11 month period ended 30 June |
|--|-------|--|---------------------------------------|---|--|
| | | | | 2022 | 2021 |
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Turnover | 3 | 65,416 | - | 65,416 | 106,934 |
| Administrative expenses | | (60,883) | (16,305) | (77,188) | (111,209) |
| Profit on disposal of player registrations | | | 16,916 | 16,916 | 4,159 |
| Operating profit/(loss) | 4 | 4,533 | 611 | 5,144 | (116) |
| Interest receivable and similar income | | | | 228 | 175 |
| Profit before taxation | | | | 5,372 | 59 |
| Tax on profit | 8 | | | - | 395 |
| Profit for the financial year | | | | 5,372 | 454 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

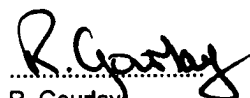
WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

| | Notes | 2022 £'000 | 2021 £'000 |
|--|-------|-----------------|-----------------|
| Fixed assets | | | |
| Intangible assets | 9 | 33,926 | 50,337 |
| Tangible assets | 10 | 18,341 | 18,970 |
| Investment properties | 11 | 934 | 1,532 |
| | | <u>53,201</u> | <u>70,839</u> |
| Current assets | | | |
| Stocks | 12 | 601 | 665 |
| Debtors | 13 | 20,126 | 12,309 |
| Cash at bank and in hand | | 7,344 | 2,615 |
| | | <u>28,071</u> | <u>15,589</u> |
| Creditors: amounts falling due within one year | 14 | (49,624) | (55,800) |
| Net current liabilities | | <u>(21,553)</u> | <u>(40,211)</u> |
| Total assets less current liabilities | | <u>31,648</u> | <u>30,628</u> |
| Creditors: amounts falling due after more than one year | 15 | (11,776) | (16,128) |
| Net assets | | <u>19,872</u> | <u>14,500</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | - | - |
| Revaluation reserve | 19 | 3,451 | 3,543 |
| Investment property revaluation reserve | 19 | (613) | (613) |
| Profit and loss reserves | 19 | 17,034 | 11,570 |
| Total equity | | <u>19,872</u> | <u>14,500</u> |

The financial statements were approved by the board of directors and authorised for issue on 14/2/2023 and are signed on its behalf by:



R. Gourlay
Director

Company Registration No. 03295063

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

| | Share capital | Revaluation reserve | Investment property revaluation reserve | Profit and loss reserves | Total |
|--|---------------|---------------------|---|--------------------------|--------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 August 2020 | - | 3,634 | (613) | 11,025 | 14,046 |
| Year ended 30 June 2021: | | | | | |
| Profit and total comprehensive income for the year | - | - | - | 454 | 454 |
| Transfers | - | (91) | - | 91 | - |
| Balance at 30 June 2021 | - | 3,543 | (613) | 11,570 | 14,500 |
| Year ended 30 June 2022: | | | | | |
| Profit and total comprehensive income for the year | - | - | - | 5,372 | 5,372 |
| Transfers | - | (92) | - | 92 | - |
| Balance at 30 June 2022 | - | 3,451 | (613) | 17,034 | 19,872 |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

| | | 2022 | 2021 |
|---|-------|--------------|--------------|
| | Notes | £'000 | £'000 |
| Cash flows from operating activities | | | |
| Cash (absorbed by)/generated from operations | 27 | (936) | 14,348 |
| Investing activities | | | |
| Purchase of player registrations | | (12,593) | (30,534) |
| Sale of player registrations | | 17,760 | 9,709 |
| Purchase of tangible fixed assets | | (255) | (153) |
| Proceeds on disposal of investment property | | 525 | - |
| Related party loans | | - | (4,950) |
| Interest received | | 228 | 2 |
| Net cash generated from/(used in) investing activities | | 5,665 | (25,926) |
| Net Increase/(decrease) in cash and cash equivalents | | 4,729 | (11,578) |
| Cash and cash equivalents at beginning of year | | 2,615 | 14,193 |
| Cash and cash equivalents at end of year | | <u>7,344</u> | <u>2,615</u> |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

West Bromwich Albion Football Club Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Hawthorns, West Bromwich, United Kingdom, B71 4LF.

The company's ultimate parent company is Yunyi Guokai (Shanghai) Sports Development Limited, a company registered in China. The highest company for which group financial statements as at 30 June 2022 have been prepared is West Bromwich Albion Holdings Limited, a company incorporated in England and Wales.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000. The comparative information is for a period of 11 months.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors assess going concern on a group wide basis. The directors have a reasonable expectation that the group and company will continue in operate for the foreseeable future. This being at least 12 months from the approval of the financial statements. However, the directors are aware of certain material uncertainties, such as forecasted player trading not being achieved, which may cause doubt on the group and company's ability to continue as a going concern.

Following relegation to the English Football League Championship in season 20/21, and the resultant reduction in revenues as compared to the English Premier League over subsequent seasons, the Board have paid due consideration to the overall club's strategy, playing squad, and operating and financing cash flows, including all significant revenue streams, the operating cost base of the club, player trading and sources of finance.

The group prepares detailed cash flow forecasts each financial year considering a range of reasonable foreseeable potential scenarios and material uncertainties in relation to income and costs, and has done so until the conclusion of season 23/24 – to 30 June 2024.

In December 2022, the group secured a 4-year £20m loan from MSD Holding UK Limited, which combined with the ability of the group to generate additional funds through reasonably foreseeable player trading, leads the directors to believe that the group should be able to meet its liabilities as they fall due for a period of at least 12 months from the date of signing the financial statements. However, should the forecasted player trading not be achieved, the group would need to both maintain existing and find further sources of funding or investment in order bridge its cash flow position until appropriate player transactions are fulfilled. Given that such funding or player trading is not guaranteed there is a material uncertainty present which may cast significant doubt about the group and company's ability to continue as a going concern.

The club retains a level of flexibility in its playing squad options and the directors will balance its financial needs with a squad that has the ability to still strive for promotion.

Based on the forecasts, which includes expectations for net player trading and the availability and use of external finance, and other cost reductions, the directors remain confident the group will generate sufficient resources to meet its liabilities as they fall due for a period of at least 12 months and the Board has therefore concluded that it is appropriate for the financial statements to be prepared on a going concern basis.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.3 Turnover

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

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

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

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

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

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

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

Retail income is recognised at the point of sale.

1.4 Intangible fixed assets and amortisation

The cost of acquiring player registrations is included in the balance sheet as intangible assets at cost less amortisation, which is charged over the length of the relevant contract. Contingent consideration is recognised when the defined events are deemed probable in the opinion of the directors. Provision is made where, in the opinion of the directors, an impairment of the carrying value of player registrations has occurred.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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

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

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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

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

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

1.18 Heritage Assets

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

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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

Impairment of non-current assets

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

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

Disposal of player registrations

In the 11 month period to 30 June 2021, a first team player was loaned to an overseas club with an obligation to purchase. At 30 June 2021, given the presence of a dispute with the buying club, the player's registration was not disposed of from intangible fixed assets. Upon resolution of the dispute in the year to 30 June 2022, the player registration has been disposed of from intangible fixed assets.

Investment property valuation

On 21 June 2017, the freehold investment property was professionally valued by Chartered Surveyors, on an open market for existing use basis.

The 2022 valuations for the investment properties were made by the Directors, on an open market value for existing use basis. The directors are of the view that there is no material difference between the carrying value and market value.

3 Turnover and other revenue

| | 2022 £'000 | 2021 £'000 |
|---|---------------|----------------|
| Turnover analysed by class of business | | |
| Gate receipts | 5,064 | 74 |
| Merchandising | 2,783 | 2,481 |
| Media related activities | 51,540 | 96,735 |
| Other commercial income | 6,029 | 7,644 |
| | <u>65,416</u> | <u>106,934</u> |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

3 Turnover and other revenue (Continued)

| | 2022 £'000 | 2021 £'000 |
|----------------------|---------------|---------------|
| Other revenue | | |
| Interest income | 228 | 175 |
| Grants received | 67 | 69 |

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

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

4 Operating profit/(loss)

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Operating profit/(loss) for the year is stated after charging/(crediting): | | |
| Exchange losses | 278 | 20 |
| Government grants | (67) | (69) |
| Depreciation of owned tangible fixed assets | 884 | 1,134 |
| Loss on disposal of tangible fixed assets | 72 | - |
| Amortisation of player registrations | 16,305 | 25,391 |
| Profit on disposal of player registrations | (16,916) | (4,159) |
| Operating lease charges | 73 | 181 |

5 Auditor's remuneration

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 27 | 32 |
| For other services | | |
| Audit-related assurance services | 8 | 14 |
| Taxation compliance services | 9 | 10 |
| All other non-audit services | 5 | - |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2022 Number | 2021 Number |
|---------------------------------|----------------|----------------|
| First Team Players and Coaching | 67 | 72 |
| Scholars and Youth coaching | 60 | 67 |
| Administration and Commercial | 70 | 66 |
| Ground Staff | 13 | 18 |
| Total | 210 | 223 |

Their aggregate remuneration comprised:

| | 2022 £'000 | 2021 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 37,465 | 69,270 |
| Social security costs | 4,759 | 7,491 |
| Pension costs | 158 | 136 |
| | 42,382 | 76,897 |

In addition to the above the Club also employs an average of 229 (for the period ended 30 June 2021 - 54) temporary staff. The period to 30 June 2021 was greatly reduced due to COVID-19 restrictions causing fixtures to be played behind closed doors.

7 Directors' remuneration

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Remuneration for qualifying services | 644 | 661 |
| Company pension contributions to defined contribution schemes | 13 | 11 |
| | 657 | 672 |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2022 £'000 | 2021 £'000 |
|--------------------------------------|---------------|---------------|
| Remuneration for qualifying services | 259 | 446 |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

7 Directors' remuneration

(Continued)

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,000 (2021: £10,000).

8 Taxation

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Current tax | | |
| Adjustments in respect of prior periods | - | (395) |
| Deferred tax | | |
| Origination and reversal of timing differences | 80 | (24) |
| Roll over relief on player registration timing differences | (1,512) | (705) |
| Other player registration timings differences | 747 | (787) |
| Tax losses carried forward | 685 | 1,516 |
| Total deferred tax | - | - |
| Total tax charge/(credit) | - | (395) |

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Profit before taxation | 5,372 | 59 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 1,021 | 11 |
| Tax effect of expenses that are not deductible in determining taxable profit | 14 | 64 |
| Tax effect of utilisation of tax losses not previously recognised | (1,283) | - |
| Adjustments in respect of prior years | - | (395) |
| Group relief | (66) | - |
| Unrecognised deferred tax losses | - | (75) |
| Other differences | 314 | - |
| Taxation charge/(credit) for the year | - | (395) |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

9 Intangible fixed assets

| | Player registrations £'000 |
|------------------------------------|-------------------------------|
| Cost | |
| At 1 July 2021 (restated) | 97,517 |
| Additions | 6,982 |
| Disposals | (11,952) |
| At 30 June 2022 | 92,547 |
| Amortisation and impairment | |
| At 1 July 2021 (restated) | 47,180 |
| Amortisation charged for the year | 16,305 |
| Disposals | (4,864) |
| At 30 June 2022 | 58,621 |
| Carrying amount | |
| At 30 June 2022 | 33,926 |
| At 30 June 2021 | 50,337 |

A historic equal and opposite error on brought forward player registration cost and accumulated amortisation totalling £2,956,000 has been corrected with no impact on reported net assets or reported profit and loss.

10 Tangible fixed assets

| | Freehold land £'000 | Fixtures, fittings, plant & equipment £'000 | Total £'000 |
|------------------------------------|------------------------|--|----------------|
| Cost | | | |
| At 1 July 2021 | 30,157 | 7,795 | 37,952 |
| Additions | 16 | 239 | 255 |
| Disposals | - | (8) | (8) |
| At 30 June 2022 | 30,173 | 8,026 | 38,199 |
| Depreciation and impairment | | | |
| At 1 July 2021 | 11,727 | 7,255 | 18,982 |
| Depreciation charged in the year | 624 | 260 | 884 |
| Eliminated in respect of disposals | - | (8) | (8) |
| At 30 June 2022 | 12,351 | 7,507 | 19,858 |
| Carrying amount | | | |
| At 30 June 2022 | 17,822 | 519 | 18,341 |
| At 30 June 2021 | 18,430 | 540 | 18,970 |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

11 Investment property

| | 2022 £'000 |
|-------------------|---------------|
| Fair value | |
| At 1 July 2021 | 1,532 |
| Disposals | (598) |
| | <u>934</u> |
| At 30 June 2022 | <u>934</u> |

On 21 June 2017, the freehold investment property was professionally valued by Chartered Surveyors, on an open market for existing use basis.

The 2022 valuations for the investment properties were made by the Directors, on an open market value for existing use basis. The directors are of the view that there is no material difference between the carrying value and market value.

The carrying value of investment property comprises:

| | 2022 £'000 | 2021 £'000 |
|----------------|---------------|---------------|
| Freehold | 500 | 500 |
| Long leasehold | 434 | 1,032 |
| | <u>934</u> | <u>1,532</u> |

12 Stocks

| | 2022 £'000 | 2021 £'000 |
|-------------------------------------|---------------|---------------|
| Finished goods and goods for resale | 601 | 665 |

Stocks are stated after provisions for impairment of £84,395 (2021: £65,000).

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

13 Debtors

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 327 | 66 |
| Amounts receivable in respect of player transfers | 8,514 | 1,570 |
| Corporation tax recoverable | 395 | 395 |
| Amounts owed by group undertakings | 2,697 | 2,750 |
| Amounts owed by parent company | 3,965 | 3,754 |
| Other debtors | 21 | 55 |
| Prepayments and accrued income | 4,207 | 3,019 |
| | <u>20,126</u> | <u>11,609</u> |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

13 Debtors (Continued)

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Amounts falling due after more than one year: | | |
| Amounts receivable in respect of player transfers | - | 700 |
| Total debtors | 20,126 | 12,309 |

Trade debtors are stated after provisions for impairment of £11,000 (2021: £11,000).

Amounts owed by parent company consist of amounts totalling £3,778,000 (2021: £3,754,000) which are unsecured, repayable on demand and accrue interest at the Bank of England's Base rate + 5% and are guaranteed by the parent company, and amounts totalling £187,000 representing legal costs incurred on behalf of the parent company and are interest free, unsecured and repayable on demand.

Prepayments and accrued income includes additional intercompany amounts due of £1,306,000 (2021: £1,102,000).

14 Creditors: amounts falling due within one year

| | Notes | 2022 £'000 | 2021 £'000 |
|--|-------|---------------|---------------|
| Trade creditors | | 756 | 439 |
| Amounts payable in respect of player transfers | | 10,741 | 12,066 |
| Amounts owed to group undertakings | | 18,645 | 18,679 |
| Taxation and social security | | 2,122 | 4,495 |
| Deferred grants | 16 | 67 | 67 |
| Other creditors | | 305 | 412 |
| Accruals and deferred income | | 16,988 | 19,642 |
| | | 49,624 | 55,800 |

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

15 Creditors: amounts falling due after more than one year

| | Notes | 2022 £'000 | 2021 £'000 |
|--|-------|---------------|---------------|
| Amounts payable in respect of player transfers | | 10,714 | 15,000 |
| Government grants | 16 | 1,062 | 1,128 |
| | | 11,776 | 16,128 |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

16 Government grants

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Arising from government grants | 1,129 | 1,195 |
| Deferred income is included in the financial statements as follows: | | |
| Current liabilities | 67 | 67 |
| Non-current liabilities | 1,062 | 1,128 |
| | 1,129 | 1,195 |

17 Financial Instruments

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Carrying amount of financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | - | 700 |
| Financial assets that are measured at undiscounted amount receivable | 27,075 | 13,829 |
| | 27,075 | 14,529 |
| Carrying amount of financial liabilities | | |
| Financial liabilities measured at amortised cost | 10,714 | 15,000 |
| Financial liabilities that are measured at undiscounted amount payable | 39,205 | 48,174 |
| | 49,919 | 63,174 |

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

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

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

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

18 Share capital

| | 2022 | 2021 |
|------------------------------|------|------|
| 2 ordinary shares of £1 each | 2 | 2 |

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

19 Reserves

Revaluation reserve

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

Investment property revaluation reserve

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

Profit and loss reserves

The profit and loss account reserve represents all current and prior period cumulative profits and losses. The profit and loss account reserve comprises the profit and loss account and the investment property revaluation reserve. The investment property revaluation reserve is shown separately in order to disclose fair value movements.

20 Contingent liabilities

a) The terms of certain contracts with other football clubs in respect of the transfer of players' registrations include the payment of certain amounts upon fulfilment of a specific number of appearances in the future, or the occurrence of future events, which amounts to £10.7m (2021: £10.2m).

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

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2022 £'000 | 2021 £'000 |
|----------------------------|---------------|---------------|
| Within one year | 66 | 60 |
| Between two and five years | 146 | 162 |
| | <u>212</u> | <u>222</u> |

22 Pension commitments

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £158,000 (2021: £136,000). Contributions totalling £25,000 (2021: £25,000) were payable to the funds at the balance sheet date and are included in creditors.

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

23 Related party transactions

Transactions with West Bromwich Albion Holdings Limited

Accrued interest totalling £1,306,000 (2021: £1,102,000) owed to the company by the parent company is unsecured and is repayable on demand. Amounts owed by the parent company consist of amounts totalling £3,778,000 (2021: £3,754,000) which are unsecured, repayable on demand and accrue interest at the Bank of England's Base rate + 5% and are guaranteed by the parent company, and amounts totalling £187,000 representing legal costs incurred on behalf of the parent company and are interest free, unsecured and repayable on demand.

24 Events after the reporting date

Steve Bruce left his position as First Team Manager of the Club on 10 October 2022. Carlos Corberan was appointed as Head Coach of the Club on 26 October 2022.

Since 30 June 2022 the Club has purchased and sold player registrations at a total initial cost of £0.3m (30 June 2021, £6.1m) and for proceeds of £1.5m (30 June 2021, £19.3m).

In December 2022, West Bromwich Albion Group Limited secured a £20m loan facility from MSD UK Holdings Limited, which has been fully drawn down. The loan is secured by a fixed and floating charge over all of the assets of West Bromwich Albion Group Limited, West Bromwich Albion Football Club Limited, WBA Football Development Limited and West Bromwich Albion Heritage Limited. The loan is repayable over a 4-year term and carries a floating interest charge against the draw down amount being the daily non-cumulative compounded SONIA rate + 9.75%.

25 Capital commitments

At 30 June 2022 and 30 June 2021, the company had the following capital commitments:

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Contracts for future capital expenditure not provided in the financial statements | | |
| - Freehold property | 783 | 783 |

The above capital commitment relates to the installation of a new bollards system around the stadium to ensure that The Hawthorns is as secure as possible for spectators.

26 Ultimate controlling party

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

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

WEST BROMWICH ALBION FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

27 Cash (absorbed by)/generated from operations

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Profit for the year after tax | 5,372 | 454 |
| Adjustments for: | | |
| Taxation charged/(credited) | - | (395) |
| Investment income | (228) | (175) |
| Loss on disposal of tangible fixed assets | 72 | - |
| Gain on disposal of intangible assets | (16,916) | (4,159) |
| Amortisation and impairment of player registrations | 16,305 | 25,391 |
| Depreciation and impairment of tangible fixed assets | 884 | 1,134 |
| Movements in working capital: | | |
| Decrease in stocks | 64 | 73 |
| (Increase)/Decrease in debtors excluding player transfer receivables | (1,415) | 52 |
| Increase in amounts owed by group undertakings | (158) | (60) |
| Decrease in amounts owed to group undertakings | 34 | (97) |
| Decrease in creditors excluding player transfer payables | (4,950) | (7,870) |
| Cash (absorbed by)/generated from operations | (936) | 14,348 |