

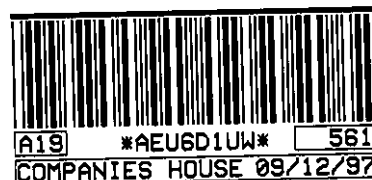
ARTHUR ANDERSEN

Bolton Wanderers Football & Athletic Company Limited

Accounts 30 June 1997

together with directors' and auditors' reports

Registered number: 43026



Directors' report

For the year ended 30 June 1997

The directors present their annual report on the affairs of the Company, together with the accounts and auditors' report, for the year ended 30 June 1997.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts 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.

Principal activities and business review

The principal activities of the Company continue to be those of a professional football league club.

Burnden Leisure plc (formerly Mosaic Investments plc) acquired the entire issued share capital of the Company on 28 April 1997.

Results and dividends

Company results and recommended transfers to reserves are as follows:

	£
Retained loss at 1 July 1996	(33,174)
Loss for the financial year after taxation	<u>(3,293,225)</u>
Retained loss at 30 June 1997	<u>(3,326,399)</u>

No dividend can be paid.

Directors' report (continued)

Directors and their interests

The directors who served during the year are as shown below.

The directors who held office at 30 June 1997 had no interests (including options) other than those shown below in the shares of the Company.

	30 June 1997		1 July 1996	
	Number of ordinary shares of £3	Number of ordinary shares of £1	Number of ordinary shares of £3	Number of ordinary shares of £1
G. Ball	-	-	-	25
P.A. Gartside	-	-	2,231	325
G. Hargreaves	-	-	6,361	875
B. Scowcroft	-	-	5,940	-
G. Seymour	-	-	-	25
G. Warburton	-	-	2,936	560
W.B. Warburton	-	-	2,025	325

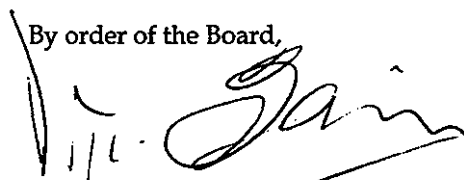
The interests of the directors in the shares and debentures of Burnden Leisure plc (formerly Mosaic Investments plc), the ultimate parent company, are disclosed in the accounts of that company. The directors do not have any other interests in the shares or debentures of group companies required to be disclosed under Schedule 7 of the Companies Act 1985.

Auditors

Bentley & Co. resigned as auditors of the Company during the year and the directors appointed Arthur Andersen to fill the casual vacancy.

The directors will place a resolution before the annual general meeting to appoint Arthur Andersen as auditors for the ensuing year.

Reebok Stadium
Burnden Way
Lostock
Bolton
BL6 6JW

By order of the Board,

D McBain
Secretary

8 October 1997

Auditors' report

Manchester

To the Shareholders of Bolton Wanderers Football and Athletic Company Limited:

We have audited the accounts on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 8.

Respective responsibilities of directors and auditors

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

Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 30 June 1997 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

8 October 1997

Profit and loss account

For the year ended 30 June 1997

	Notes	1997 £	1996 £
Turnover	3	7,652,535	6,741,948
Cost of sales		(8,256,887)	(6,730,809)
Other operating expenses		(1,082,130)	(632,797)
Operating loss before transfer fees		(1,686,482)	(621,658)
Net transfer fees	4	(1,587,471)	552,661
Operating loss		(3,273,953)	(68,997)
Investment income	5	330,011	372,416
Interest payable and similar charges	6	(380,856)	(94,788)
(Loss) profit on ordinary activities before taxation	7	(3,324,798)	208,631
Tax on (loss) profit on ordinary activities	9	31,573	-
(Loss) profit for the financial year		(3,293,225)	208,631

There are no recognised gains or losses in either year other than the (loss) profit for each financial year.

All results relate to continuing operations.

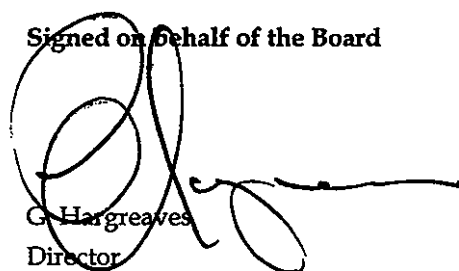
The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 June 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	10	20,618,022	1,285,019
Investments	11	3,122	8,830
		<u>20,621,144</u>	<u>1,293,849</u>
Current assets			
Assets held for resale		998,419	-
Stocks	12	179,385	188,131
Debtors	13	4,974,217	2,194,383
Cash at bank and in hand		4,506,107	6,294
		<u>10,658,128</u>	<u>2,388,808</u>
Creditors: Amounts falling due within one year	14	<u>(33,777,649)</u>	<u>(3,239,041)</u>
Net current liabilities		<u>(23,119,521)</u>	<u>(850,233)</u>
Total assets less current liabilities		<u>(2,498,377)</u>	<u>443,616</u>
Creditors: Amounts falling due after more than one year	15	<u>(440,881)</u>	<u>(89,599)</u>
Net (liabilities) assets		<u>(2,939,258)</u>	<u>354,017</u>
Capital and reserves			
Called-up share capital	17	123,750	123,750
Share premium account	18	206,626	206,626
Capital reserve	18	31,418	31,418
Other reserves	18	25,347	25,397
Profit and loss account	18	<u>(3,326,399)</u>	<u>(33,174)</u>
Shareholders' funds - equity interests		<u>(2,939,258)</u>	<u>354,017</u>

Signed on behalf of the Board



G. Hargreaves
Director

8 October 1997

The accompanying notes are an integral part of this balance sheet.

Notes to the accounts

30 June 1997

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and the preceding year, is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention. Assets and liabilities are recognised in the accounts where, as a result of past transactions or events, the Company has rights or other access to future economic benefits controlled by the Company, or obligations to transfer economic benefits. The accounts have been prepared in accordance with applicable accounting standards except as noted in 1b) below.

b) Tangible fixed assets

Tangible fixed assets are shown at historical cost or professional valuation.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Plant and machinery	10% and 25% per annum
Motor vehicles	25% per annum

Residual value is calculated on prices prevailing at the date of acquisition where this has taken place.

In the opinion of the directors, the requirements of The Safety of Sports Grounds Act 1975 and a policy of maintaining facilities to a high standard give rise to a level of expenditure on repairs and renewals such that no provision for depreciation is required for the freehold ground and stadium.

c) Fixed asset investments

Fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent reductions in value. Provisions for temporary fluctuations in value are not made.

d) Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Notes to the accounts (continued)

1 Accounting policies (continued)

e) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal.

Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse. However, the amount of all deferred tax, including that which will probably not reverse, is shown in the notes to the accounts.

f) *Pension costs*

The Company provides pension to certain members of staff through The Football League Limited Players Retirement Scheme and The Football League Limited Pension and Life Assurance Scheme, both of which are defined contribution schemes.

The amount charged to the profit and loss account is the contributions payable in the year.

g) *Turnover*

Turnover comprises the value of sales (excluding VAT) of goods and services in the normal course of business.

h) *Transfer fees*

Fees payable to and receivable from other football clubs on the transfer of players' registrations are dealt with through the profit and loss account in the year in which the transfer takes place.

i) *Signing-on fees*

Signing-on fees are charged against income as they fall due for payment.

j) *Assets held for resale*

Assets held for resale are valued at the lower of cost and net realisable value.

k) *Leases*

The Company enters into operating and finance leases.

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance costs are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance costs and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Notes to the accounts (continued)

1 Accounting policies (continued)

k) Leases (continued)

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are spread on a straight-line basis over the lease term, or, if shorter than the full lease term, over the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate.

l) Government grants

Government grants and other grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

2 Prior year comparatives

The accounts of the Company for the year ended 30 June 1996 were audited by a firm of chartered accountants other than Arthur Andersen. These accounts were qualified due to the failure to depreciate land and buildings in accordance with Statement of Standard Accounting Practice No. 12.

3 Turnover

	1997	1996
	£	£
Season tickets and gate receipts	3,292,153	3,382,150
Television and broadcasting	1,362,141	1,255,901
Commercial activities	2,998,241	2,103,897
	<u>7,652,535</u>	<u>6,741,948</u>

All of the turnover arose from activities within the United Kingdom.

4 Net transfer fees

	1997	1996
	£	£
Transfer fees received	5,354,156	7,610,000
Transfer fees and expenses paid	(6,941,627)	(7,057,339)
	<u>(1,587,471)</u>	<u>552,661</u>

Notes to the accounts (continued)

5 Investment income

	1997 £	1996 £
Donations	329,793	371,304
Other interest receivable and similar income	218	1,112
	<u>330,011</u>	<u>372,416</u>

6 Interest payable and similar charges

	1997 £	1996 £
Bank loans and overdrafts	256,869	78,519
Finance leases and hire purchase contracts	13,458	16,269
Other loans	110,529	-
	<u>380,856</u>	<u>94,788</u>

7 (Loss) profit on ordinary activities before taxation

(Loss) profit on ordinary activities before taxation is stated after charging:

	1997 £	1996 £
Depreciation and amounts written off tangible fixed assets		
- owned	57,776	65,580
- held under finance leases and hire purchase contracts	50,021	27,110
Hire of plant and machinery		
- under operating leases	24,419	18,311
Auditors' remuneration		
- audit fees	19,200	1,800
Staff costs	<u>6,159,414</u>	<u>4,805,172</u>

There is no material difference between the (loss) profit on ordinary activities before taxation and the retained (loss) profit for the financial year for both years and their respective historical cost equivalents.

Notes to the accounts (continued)

8 Staff costs

Particulars of employees (including executive directors) are as shown below:

	1997 £	1996 £
Employee costs during the year amounted to:		
Wages and salaries	5,481,589	4,376,125
Social security costs	527,304	398,583
Other pension costs	150,521	30,464
	<u>6,159,414</u>	<u>4,805,172</u>

The average monthly number of persons employed by the Company during the year was as follows:

	1997 Number employed	1996 Number employed
Playing staff	47	45
Management and development	165	154
	<u>212</u>	<u>199</u>

The directors received no remuneration for their services during the year (1996 - £nil).

9 Tax on (loss) profit on ordinary activities

The tax charge is based on the (loss) profit for the year and comprises:

	1997 £	1996 £
Group relief receivable at 32½% (1996 - 33%)	<u>31,573</u>	<u>-</u>

10 Tangible fixed assets

	1997 £	1996 £
Freehold land and buildings	428,818	998,419
Fixtures and fittings	46,078	54,116
Motor vehicles	119,467	113,068
Machinery and equipment	108,448	119,416
Assets in the course of construction	19,915,211	-
	<u>20,618,022</u>	<u>1,285,019</u>

Notes to the accounts (continued)

10 Tangible fixed assets (continued)

The movement in the year was as follows:

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Machinery and equipment £	Assets in the course of construction £	Total £
Cost						
Beginning of year	998,419	102,789	151,274	649,571	-	1,902,053
Additions	428,818	710	59,976	42,529	19,915,211	20,447,244
Disposals	-	-	(16,748)	-	-	(16,748)
Transferred to current assets	(998,419)	-	-	-	-	(998,419)
End of year	<u>428,818</u>	<u>103,499</u>	<u>194,502</u>	<u>692,100</u>	<u>19,915,211</u>	<u>21,334,130</u>
Depreciation						
Beginning of year	-	48,673	38,206	530,155	-	617,034
Charge	-	8,748	45,552	53,497	-	107,797
Disposals	-	-	(8,723)	-	-	(8,723)
End of year	-	<u>57,421</u>	<u>75,035</u>	<u>583,652</u>	-	<u>716,108</u>
Net book value						
Beginning of year	<u>998,419</u>	<u>54,116</u>	<u>113,068</u>	<u>119,416</u>	-	<u>1,285,019</u>
End of year	<u>428,818</u>	<u>46,078</u>	<u>119,467</u>	<u>108,448</u>	<u>19,915,211</u>	<u>20,618,022</u>
Leased assets included in the above:						
Net book value						
Beginning of year	-	-	<u>113,068</u>	<u>17,615</u>	-	<u>130,683</u>
End of year	-	-	<u>119,467</u>	<u>13,493</u>	-	<u>132,960</u>

Assets in the course of construction are shown at cost.

Notes to the accounts (continued)

11 Fixed asset investments

	1997	1996
	£	£
Subsidiary undertakings	2	2
Loan note fund	-	5,708
Medals (at cost)	3,120	3,120
	<u>3,122</u>	<u>8,830</u>

The Company has two wholly owned subsidiary undertakings, being Bolton Sports Village Limited, a company incorporated in England and Wales which operates as a property developer, and a dormant company, Bolton Wanderers Holdings Limited.

12 Stocks

	1997	1996
	£	£
Goods for resale	<u>179,385</u>	<u>188,131</u>

13 Debtors

	1997	1996
	£	£
Amounts falling due within one year:		
Trade debtors	3,340,092	75,802
Amounts owed by group undertakings	-	1,574,007
Other debtors	1,169,434	-
Prepayments	464,691	544,574
	<u>4,974,217</u>	<u>2,194,383</u>

Notes to the accounts (continued)

14 Creditors: Amounts falling due within one year

	1997 £	1996 £
Obligations under finance leases and hire purchase contracts	79,796	56,408
Bank loans	8,000,000	-
Other loans	99,996	-
Bank overdrafts	8,119,530	479,360
Amounts owed to group undertakings	4,745,632	-
Trade creditors	3,041,215	204,183
Other creditors		
- social security and PAYE	291,247	608,102
Accruals and deferred income	9,400,233	1,890,988
	<u>33,777,649</u>	<u>3,239,041</u>

The bank overdraft is secured by a debenture creating a fixed and floating charge over all of the Company's assets. The bank also holds a guarantee and debenture on the assets of the subsidiary company.

15 Creditors: Amounts falling due after more than one year

	1997 £	1996 £
Other loans	360,866	-
Obligations under finance leases and hire purchase contracts	60,815	59,799
Deferred income	19,200	29,800
	<u>440,881</u>	<u>89,599</u>

Borrowings included in creditors due within one year and after one year are payable as follows:

	1997 £	1996 £
Amounts payable		
- on demand or within one year	16,219,526	479,360
- between one and two years	99,996	-
- between two and five years	260,870	29,800
	<u>16,580,392</u>	<u>89,599z</u>

Notes to the accounts (continued)

15 Creditors: Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts:

	1997 £	1996 £
Amounts payable		
- within one year	79,796	56,408
- within two to five years	60,815	59,799
	<u>140,611</u>	<u>116,207</u>

16 Deferred taxation

Deferred taxation has not been provided as the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is probable that none of the liability will crystallise.

Deferred tax not provided can be analysed as follows:

	1997 £	1996 £
Accelerated capital allowances	8,061	9,702
Tax losses available	(2,712,531)	(1,817,158)
	<u>(2,704,470)</u>	<u>(1,807,456)</u>

17 Called-up share capital

	1997 £	1996 £
<i>Authorised</i>		
4,000 (1996 - 4,000) special ordinary shares of £1 each	4,000	4,000
40,000 (1996 - 40,000) ordinary shares of £3 each	120,000	120,000
	<u>124,000</u>	<u>124,000</u>
<i>Allotted, called-up and fully-paid</i>		
3,750 (1996 - 3,750) special ordinary shares of £1 each	3,750	3,750
40,000 (1996 - 40,000) ordinary shares of £3 each	120,000	120,000
	<u>123,750</u>	<u>123,750</u>

Notes to the accounts (continued)

18 Reserves

Of total reserves shown in the Company's balance sheet, the following amounts are regarded as distributable or otherwise:

	1997 £	1996 £
Non-distributable		
- profit and loss account	(3,326,399)	(33,174)
- share premium account	206,626	206,626
- capital reserve	31,418	31,418
- other reserves	25,347	25,397
Total reserves	<u>(3,063,008)</u>	<u>230,267</u>

The movement on reserves during the year was as follows:

	Share premium account £	Capital reserve £	Other reserves £	Profit and loss account £	Total £
Beginning of year	206,626	31,418	25,397	(33,174)	230,267
Retained loss for the year	-	-	-	(3,293,225)	(3,293,225)
Loan notes redeemed	-	-	(50)	-	(50)
End of year	<u>206,626</u>	<u>31,418</u>	<u>25,347</u>	<u>(3,326,399)</u>	<u>(3,063,008)</u>

19 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
(Loss) profit for the financial year	(3,293,225)	208,631
Loan notes redeemed	(50)	(550)
Net (reduction in) addition to shareholders' funds	<u>(3,293,275)</u>	<u>208,081</u>
Opening shareholders' funds	354,017	145,936
Closing shareholders' funds	<u>(2,939,258)</u>	<u>354,017</u>

Notes to the accounts (continued)

20 Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments were:

	1997 £	1996 £
Contracted for but not provided for	<u>17,168,533</u>	<u>-</u>

A commitment has been made to Bolton Metropolitan Borough Council to pay a maximum of £2,250,000 towards the pursuit of a community sporting initiative on land to the south of the Reebok Stadium. This amount is to be a maximum figure which may be reduced to a minimum of £500,000 depending on the amounts of funding received.

b) Contingent liabilities

- i) The terms of certain contracts with other football clubs in respect of players transferred include the payment of additional amounts upon fulfilment of specific conditions in the future. The maximum amount that could be payable at 30 June 1997 is £585,000 (1996 - £730,000).
- ii) A bond in favour of Bolton Metropolitan Borough Council in relation to the construction of a new highway in respect of the Reebok Stadium for a maximum amount of £100,000 has been deposited with the Co-operative Bank plc.
- iii) A commitment has been made to provide a sum of up to £150,000 for the part funding of the construction of a railway station close to the Reebok Stadium.

c) Lease commitments

The company has entered into non-cancellable operating leases in respect of plant and equipment, the payments for which extend over a period of up to five years. The total annual rental for 1997 was £24,419 (1996 - £18,311). The lease agreements provide that the company will pay all insurance, maintenance and repairs.

Notes to the accounts (continued)

20 Guarantees and other financial commitments (continued)

The minimum annual rentals under the foregoing leases are as follows:

	Plant and machinery	
	1997	1996
	£	£
Operating leases which expire		
- within 1 year	22,206	-
- with 2-5 years	5,606	20,313
- after 5 years	-	-
	<u>27,812</u>	<u>20,313</u>

There are no commitments in respect of finance leases entered into before the balance sheet date but due to commence after that date.

d) Pension arrangements

The pension cost charge for the year was £150,521 (1996 - £30,464). Outstanding (1996 - prepaid) contributions of £32,850 (1996 - £5,084) at the year end are shown in the balance sheet under accruals (prepayments).

21 Related party transactions

i) William Hargreaves Limited, a wholly owned subsidiary of William Hargreaves (Holdings) Limited, a company in which G. Hargreaves is the majority shareholder, received £375,000 for services provided to the Company. This is considered justifiable by the Board in the light of the level of assistance provided over the previous five years.

ii) Gordons (Bolton) Limited, a company of which G. Seymour is a director and shareholder, supplies fuel and car servicing to the Company.

iii) Warburtons Limited, a company of which W.B. Warburton is a director, provides a payroll service to the Company, for which it receives no payment.

22 Cash flow statement

In accordance with Financial Reporting Standard 1 (Revised) 'Cash Flow Statements', no cash flow statement has been presented for the Company as it is a wholly owned subsidiary undertaking of Burnden Leisure plc and a group cashflow statement is included in the accounts of that company.

Notes to the accounts (continued)

23 Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of Burnden Leisure plc, a company incorporated in England and Wales.

The largest and smallest group of which the Company is a member and for which group accounts are drawn up is that headed by Burnden Leisure plc. The principal place of business of this company is at 1 Birkdale Avenue, off Heeley Road, Selly Oak, Birmingham, B29 6UA. The consolidated accounts of this group are available to the public and may be obtained from the above address.