

Company Registration No. 2487393

**W. W. (1990) LIMITED**

**Report and Financial Statements**

**31 May 2007**

THURSDAY



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COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2007**

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**REPORT AND FINANCIAL STATEMENTS 2007**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J D Moxey  
S P Morgan OBE (appointed 9 August 2007)  
V W Fairclough (appointed 9 August 2007)

**SECRETARY**

R I Skirrow

**REGISTERED OFFICE**

Molineux Stadium  
Waterloo Road  
Wolverhampton  
WV1 4QR

**MAIN BANKER**

Barclays Bank PLC  
Colmore Row  
Birmingham

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Birmingham, UK

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 2007

### ACTIVITIES

The principal activity of the group during the year was the provision of football and other related activities

### REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company remains the parent company of the wholly owned subsidiaries Wolverhampton Wanderers FC (1986) Limited and Wolverhampton Wanderers Properties Limited

The year under review was the first since relegation from the F A Premier League when no 'parachute payment' was received. In these circumstances the directors consider the financial result for the year to be satisfactory. However, they were very disappointed that the club were defeated in the playoff semi-finals thus preventing a possible return to The Premier League.

Revenue for the year was lower than the previous year at £15.9m (2006 - £23.8m) primarily due to the loss of the parachute payment from the Premier League which meant that at operating levels (before player trading), the current year incurred an operating loss of £2.5m compared to a profit of £1.3m in 2006. However, a net profit on player trading brought about by a high value of player disposals during the year, generated an operating profit after player trading of just over £1.1m (2006 - loss of £906k).

Combined Player and Football Management Costs decreased during the year representing the changes made in both of these key areas in an effort to sustain the shortfall in revenue. Player amortisation also reduced by a sizeable amount reflected by a year when the club became a net seller in the market.

The club finished the season at 5th position compared to 7th position the previous year. Attendances were healthy and despite a fall of almost 11% compared to prior year levels still averaged at just under 21,000, 1,000 ahead of expected levels.

The aim remains to regain Premiership League status as soon as possible and the directors believe the first team squad is capable of being a strong candidate for promotion. Details of post year end trading are set out in note 30 to the financial statements.

#### Subsequent Developments (Post Balance Sheet date)

On 9th August 2007, 75% of the Company's share capital was acquired by Carden Leisure Ltd and 25% by Mr S P Morgan who was appointed Chairman on that date.

Simultaneously and pro rata to these acquisition arrangements, the issued share capital was increased by a further £30,000,000. These additional shares were allocated and fully paid up in cash.

The company wishes to put on record its gratitude towards its former Chairman, Sir Jack Hayward and in recognition of his unique commitment has asked him to remain Life President and he has agreed to do so.

### RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend (2006 - £nil). The profit of the group for the year after taxation of £819,790 (2006 - loss of £1,155,166) has been transferred to reserves.

### FINANCIAL RISK MANAGEMENT

The directors have reviewed the financial risk management objectives and policies of the group and these are set out in further detail in note 25 to the financial statements.

## DIRECTORS' REPORT

(continued)

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year and subsequently are listed below. The directors held no beneficial or family interests in the shares of the company in either the current or prior financial year.

Sir Jack Hayward OBE (resigned 9 August 2007)  
D J Harrington CBE (resigned 9 August 2007)  
R A Hayward (resigned 9 August 2007)  
J G Hemingway (resigned 9 August 2007)  
J D Moxey  
S P Morgan OBE (appointed 9 August 2007)  
V W Fairclough (appointed 9 August 2007)

### DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### SECTION 234ZA OF THE COMPANIES ACT 1985

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

### AUDITORS

A resolution to reappoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



R I Skirrow, Secretary

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

### 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). The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W.W. (1990) LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of W W (1990) Limited for the year ended 31 May 2007 which comprise the Consolidated Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Net Cash Flow to Movement in Net Debt and the related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

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

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

### **Basis of audit opinion**

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W.W. (1990) LIMITED  
(continued)**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 May 2007 and of the group's profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*Deloitte Touche LLP*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Birmingham, UK

*17 January 2008*



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 May 2007**

|   | Note | Operations<br>excluding<br>player<br>trading<br>£ | Player<br>amortisation<br>and trading<br>£ | 2007<br>£           | 2006<br>£           |
|---|------|---|--|---------------------|---------------------|
| <b>TURNOVER</b>   |      | 15,855,089  | -  | 15,855,089          | 23,822,864          |
|   |      | <u>15,855,089</u>                                 | <u>-</u>                                   | <u>15,855,089</u>   | <u>23,822,864</u>   |
| Other operating income  | 4    | 116,666   | -  | 116,666             | 100,000             |
| Operating expenses  | 5    | (18,519,650)                                      | (2,388,072)                                | (20,907,722)        | (27,099,186)        |
| <b>OPERATING LOSS</b>   | 6    | <u>(2,547,895)</u>                                | <u>(2,388,072)</u>                         | <u>(4,935,967)</u>  | <u>(3,176,322)</u>  |
| Profit on disposal of players' registrations                    |      | -   | 6,076,123                                  | 6,076,123           | 2,269,880           |
| <b>PROFIT/(LOSS) BEFORE FINANCE<br/>CHARGES</b>                 |      | <u>(2,547,895)</u>                                | <u>3,688,051</u>                           | 1,140,156           | (906,442)           |
| Finance Charges (net)   | 7    |   |  | <u>(320,366)</u>    | <u>(248,724)</u>    |
| <b>PROFIT/(LOSS) ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> |      |   |  | 819,790             | (1,155,166)         |
| Tax on profit/(loss) on ordinary activities                     | 8    |   |  | -                   | -                   |
| <b>PROFIT/(LOSS) FOR THE FINANCIAL<br/>YEAR</b>                 |      |   |  | 819,790             | (1,155,166)         |
| Profit and loss account brought forward                         | 20   |   |  | (37,341,149)        | (36,577,767)        |
| Transferred from revaluation reserve                            | 20   |   |  | 391,784             | 391,784             |
| <b>Profit and loss account carried forward</b>                  | 20   |   |  | <u>(36,129,575)</u> | <u>(37,341,149)</u> |

All the above results derive from continuing operations

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 May 2007**

|   | <b>2007</b>    | <b>2006</b>        |
|---|----------------|--------------------|
|   | <b>£</b>       | <b>£</b>           |
| Profit / (loss) for the financial year                                | 819,790        | (1,155,166)        |
| Adjustment to surplus arising on revaluation of tangible fixed assets | -              | (385,382)          |
|   | <u>819,790</u> | <u>(1,540,548)</u> |
| Total recognised gains and losses in the year                         | <u>819,790</u> | <u>(1,540,548)</u> |

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

**Year ended 31 May 2007**

|  | <b>2007</b>      | <b>2006</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Profit/ (loss) on ordinary activities before taxation  | 819,790          | (1 155,166)      |
| Difference between the historical cost depreciation charge and the actual depreciation charge for the year                     | <u>391,784</u>   | <u>391,784</u>   |
| Historical cost profit/(loss) on ordinary activities before taxation being retained historical cost profit/(loss) for the year | <u>1,211,574</u> | <u>(763,382)</u> |

**CONSOLIDATED BALANCE SHEET**  
**31 May 2007**

|  | Note | 2007<br>£           | 2006<br>£           |
|--|------|---------------------|---------------------|
| <b>FIXED ASSETS</b>  |      |                     |                     |
| Intangible assets  | 9    | 3,173,719           | 4,108,898           |
| Tangible assets  | 10   | 42,850,607          | 43,806,510          |
|  |      | <u>46,024,326</u>   | <u>47,915,408</u>   |
| <b>CURRENT ASSETS</b>  |      |                     |                     |
| Stocks   | 12   | 313,103             | 289,421             |
| Debtors  | 13   | 4,485,250           | 3,292,515           |
| Cash at bank and in hand                                       |      | 83,241              | -                   |
|  |      | <u>4,881,594</u>    | <u>3,581,936</u>    |
| <b>CREDITORS, amounts falling due within one year</b>          | 14   | <u>(6,761,665)</u>  | <u>(7,230,899)</u>  |
| <b>NET CURRENT LIABILITIES</b>                                 |      | <u>(1,880,071)</u>  | <u>(3,648,963)</u>  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | 44,144,255          | 44,266,445          |
| <b>CREDITORS, amounts falling due after more than one year</b> | 15   | <u>(1,945,793)</u>  | <u>(3,544,881)</u>  |
|  |      | 42,198,462          | 40,721,564          |
| <b>PROVISION FOR LIABILITIES AND CHARGES</b>                   | 16   | (170,466)           | -                   |
| <b>DEFERRED INCOME</b>   | 17   | <u>(6,797,561)</u>  | <u>(6,410,919)</u>  |
| <b>NET ASSETS</b>  |      | <u>35,230,435</u>   | <u>34,310,645</u>   |
| <b>CAPITAL AND RESERVES</b>                                    |      |                     |                     |
| Called up share capital  | 19   | 48,000,000          | 48,000,000          |
| Capital Contribution Reserve                                   | 20   | 100,000             | -                   |
| Revaluation reserve  | 20   | 23,260,010          | 23,651,794          |
| Profit and loss account - deficit                              | 20   | <u>(36,129,575)</u> | <u>(37,341,149)</u> |
| <b>SHAREHOLDERS' SURPLUS</b>                                   | 21   | <u>35,230,435</u>   | <u>34,310,645</u>   |

These financial statements were approved by the Board of Directors on 17th JANUARY 2008

Signed on behalf of the Board of Directors

  
 J D Moxey

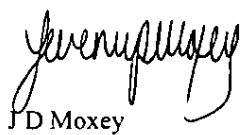
Director

**COMPANY BALANCE SHEET**  
**31 May 2007**

|  | Note | 2007<br>£                | 2006<br>£                |
|--|------|--------------------------|--------------------------|
| <b>FIXED ASSETS</b>  |      |                          |                          |
| Investments  | 11   | <u>14,659,997</u>        | <u>14,659,997</u>        |
| <b>CREDITORS amounts falling due within one year</b>           | 14   | <u>(36,501)</u>          | <u>(6,555)</u>           |
| <b>NET CURRENT LIABILITIES</b>                                 |      | <u>(36,501)</u>          | <u>(6,555)</u>           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | 14,623,496               | 14,653,442               |
| <b>CREDITORS: amounts falling due after more than one year</b> | 15   | <u>-</u>                 | <u>(655,615)</u>         |
| <b>NET ASSETS</b>  |      | <u><u>14,623,496</u></u> | <u><u>13,997,827</u></u> |
| <b>CAPITAL AND RESERVES</b>                                    |      |                          |                          |
| Called up share capital  | 19   | 48,000,000               | 48,000,000               |
| Capital Contribution   | 20   | 100,000                  | -                        |
| Profit and loss account - deficit                              | 20   | <u>(33,476,504)</u>      | <u>(34,002,173)</u>      |
| <b>SHAREHOLDERS' SURPLUS</b>                                   |      | <u><u>14,623,496</u></u> | <u><u>13,997,827</u></u> |

These financial statements were approved by the Board of Directors on 17th JANUARY 2008

Signed on behalf of the Board of Directors



J D Moxey

Director

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 May 2007**

|   | Note | 2007<br>£        | 2006<br>£          |
|---|------|------------------|--------------------|
| Net cash (outflow)/ inflow from operating activities      | 22   | (1 831,597)      | 246,180            |
| Returns on investments and servicing of finance           | 23   | (320,366)        | (248,724)          |
| Capital expenditure and financial investment              | 23   | 4 307,689        | (1,312,230)        |
|   |      | <u>2,155,726</u> | <u>(1,314,774)</u> |
| Cash outflow before use of liquid resources and financing |      |                  |                    |
| Financing   | 23   | (557,109)        | 1,075,399          |
| Increase/(decrease) in cash in the year                   |      | <u>1,598,617</u> | <u>(239,375)</u>   |

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|   |    | 2007<br>£          | 2006<br>£          |
|---|----|--------------------|--------------------|
| Reconciliation of net cash flow to movement in net debt       |    |                    |                    |
| Increase/(decrease) in cash in the year                       |    | 1,598,617          | (239,375)          |
| Cash inflow/(outflow) from change in debt and lease financing |    | <u>557,109</u>     | <u>(1,075,399)</u> |
| Change in net debt resulting from cash flows                  |    | 2 155.726          | (1 314,774)        |
| New finance leases  |    | <u>(21,215)</u>    | <u>(99,651)</u>    |
| Movement in net debt  |    | 2 134,511          | (1,414,425)        |
| Net debt at 1 June  |    | <u>(5 689 229)</u> | <u>(4,274,804)</u> |
| Net debt at 31 May  | 24 | <u>(3 554,718)</u> | <u>(5,689,229)</u> |

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 May 2007****1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the stadium redevelopment and training facilities, and in accordance with applicable United Kingdom accounting standards.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 May each year.

**Turnover**

Turnover represents match receipts and other income associated with the principal activity of running a professional football club and excludes value added tax. All turnover is derived from activities in the UK.

**Deferred income**

Revenues received in advance are credited to deferred income and released to the profit and loss account over the period to which they relate.

Grants received in respect of safety work and ground improvements are credited to deferred grant income and are released to the profit and loss account over the anticipated useful life of the assets to which they relate.

**Taxation**

Current taxation is provided at amounts expected to be paid (or received) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets and liabilities are not discounted.

**Depreciation and tangible fixed assets**

Depreciation of tangible fixed assets is calculated to write off their cost or valuation less any residual value on a straight line basis over their estimated useful lives at annual rates as follows:

|                       |       |
|-----------------------|-------|
| Stadium development   | 2%    |
| Training facilities   | 2%    |
| Plant and equipment   | 10%   |
| Motor vehicles        | 20%   |
| Fixtures and fittings | 12.5% |

The Group has entered into a policy of regular revaluation of the stadium development and training facilities. Remaining assets are carried at historical cost.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2007

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Intangible fixed assets and goodwill

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised in equal annual instalments, over the period of the respective players' contracts. Provision for impairment is made when it becomes apparent that any diminution in value is permanent.

Goodwill amounting to £1,659,999 (2006 - £1,659,999) relating to prior periods was historically written off against the profit and loss reserve as a matter of accounting policy and remains eliminated against that reserve. This amount will be charged or credited in the profit and loss account on any subsequent disposal of the associated business. Any future goodwill, will be capitalised in the balance sheet and amortised over its useful life.

#### Signing-on fees

Signing-on fees payable to players are charged, as part of operating expenses, to the profit and loss account over the period of the player's contract. Where a player's registration is transferred, any signing on fees payable in respect of future periods are charged against profit or loss on disposal of players' registrations.

#### Contingent appearance fees

Where the directors consider the likelihood of a player meeting future performance and appearance criteria laid down in the transfer agreement of that player to be probable, provision for this cost is made (see note 16). If the likelihood of meeting these criteria is not probable no provision is made (see note 27).

#### Pensions

Defined contribution arrangements are made to eligible employees of the company. The pension cost charged in the year represents contributions payable by the company.

#### Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are written off to the profit and loss account as incurred.

#### Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

#### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

### 2. CONSOLIDATED FINANCIAL STATEMENTS

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit (see note 20) for the financial year amounted to £525,669 (2006 - £1,655). The company's profit for the year was increased by £535,814 (2006 - £16,742) due to movements in provisions which are made against intercompany receivables.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2007**

**3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

|   | 2007<br>£      | 2006<br>£      |
|---|----------------|----------------|
| <b>Directors' emoluments</b>              |                |                |
| Remuneration                              | 314,902        | 482,207        |
| Pension contributions                     | 53,596         | 52,035         |
|   | <u>368,498</u> | <u>534,242</u> |
| <b>Highest paid director</b>              |                |                |
| Remuneration                              | 312,902        | 474,207        |
| Pension contributions                     | 53,596         | 52,035         |
|   | <u>366,498</u> | <u>526,242</u> |
|   | <b>2007</b>    | <b>2006</b>    |
|   | <b>No</b>      | <b>No</b>      |
| <b>Average number of persons employed</b> |                |                |
| Playing staff                             | 45             | 48             |
| Non Playing staff                         | 207            | 186            |
|   | <u>252</u>     | <u>234</u>     |

Included in the above are an average of 96 (2006 – 87) members of staff who were employed on a part time basis

|  | 2007<br>£         | 2006<br>£         |
|--|-------------------|-------------------|
| <b>Staff costs during the year (including directors)</b> |                   |                   |
| Wages and salaries                                       | 10 371 488        | 13 598,753        |
| Social security costs                                    | 1,199,088         | 1,583,955         |
| Pension costs  | 93,317            | 151,141           |
|  | <u>11,663,893</u> | <u>15,333,849</u> |

The number of directors who were members of a defined contribution scheme in the year was one (2006 – one)

The above information regarding staff are those for the W W (1990) Limited Group, as there are no employees of W W (1990) Limited apart from the directors. Directors' remuneration is paid by Wolverhampton Wanderers FC (1986) Limited. It is not practicable to allocate the directors' remuneration between their services as executives of W W (1990) Limited and their services as directors of Wolverhampton Wanderers FC (1986) Limited and Wolverhampton Wanderers Properties Limited.



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2007**

**4. OTHER OPERATING INCOME**

|                 | 2007<br>£      | 2006<br>£      |
|-----------------|----------------|----------------|
| Rent receivable | <u>116,666</u> | <u>100,000</u> |

**5. OPERATING EXPENSES**

| <b>Operating expenses comprise.</b>    | 2007<br>£         | 2006<br>£         |
|--|-------------------|-------------------|
| Depreciation of owned assets           | 1,150,443         | 1,150,330         |
| Depreciation of leased assets          | 76,975            | 75,200            |
| Amortisation of players' registrations | 2,388,072         | 4,492,507         |
| Deferred grant income                  | (64,225)          | (65,852)          |
|  | <u>3,551,265</u>  | <u>5,652,185</u>  |
| Staff costs (note 3)                   | 11,663,893        | 15,333,849        |
| Other operating charges                | 5,692,564         | 6,113,152         |
|  | <u>20,907,722</u> | <u>27,099,186</u> |

**6. OPERATING LOSS**

| <b>Operating loss is stated after charging:</b>                              | 2007<br>£      | 2006<br>£      |
|--|----------------|----------------|
| Auditors' remuneration   |                |                |
| Audit fees – Annual audit of the Company's accounts                          | 1,500          | 1,500          |
| Audit fees – The audit of the company's subsidiaries pursuant to legislation | 25,500         | 23,500         |
| Non-audit fees – Tax services  | 16,240         | 15,650         |
| Operating leases   |                |                |
| Hire of plant and machinery  | 18,862         | 22,120         |
| Hire of assets other than plant and machinery                                | 76,869         | 84,513         |
|  | <u>138,971</u> | <u>147,683</u> |

**7. FINANCE CHARGES (NET)**

|   | 2007<br>£      | 2006<br>£      |
|---|----------------|----------------|
| Interest receivable                         | <u>22,772</u>  | <u>56,571</u>  |
| <b>Interest Payable and similar charges</b> |                |                |
| Bank interest                               | 308,581        | 260,044        |
| Interest paid on finance leases             | 8,233          | 14,534         |
| Mortgage Interest                           | 26,324         | 30,717         |
|   | <u>343,138</u> | <u>305,295</u> |

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2007

## 7. FINANCE CHARGES (NET) (CONTINUED)

Insignificant finance charges were included in other expenses in 2006. In 2007 these amounts have been shown as finance charges and in order to aid comparability the 2006 figures have been re-classified.

## 8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The group has no liability for taxation owing to the availability of tax losses carried forward. The tax losses carried forward, subject to the agreement of the tax authorities, amount to approximately £28.8 million (2006 - £31.0 million).

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. The potential deferred tax asset of approximately £8.7 million (2006 - £9.4 million), which arises substantially in respect of losses carried forward, has not been recognised as it is not expected that there will be taxable profits available in the foreseeable future against which the losses may be offset.

The tax assessed for the year is different than that resulting from applying the standard rate of corporation tax in the UK of 30% (2006 - 30%).

The differences are explained below:

|  | 2007<br>£ | 2006<br>£   |
|--|-----------|-------------|
| Profit/(loss) on ordinary activities before tax                                  | 819,790   | (1,155,166) |
| Tax on profit/(loss) on ordinary activities at standard rate of 30% (2006 - 30%) | (245,937) | 346,550     |
| <b>Factors affecting charge.</b>   |           |             |
| Expenses not deductible for tax purposes   | (294,342) | (281,716)   |
| Non-taxable income   | 22,757    | 22,757      |
| Movement in short term timing differences  | -         | 178,380     |
| Capital allowances in excess of depreciation                                     | 64,137    | 55,056      |
| Utilisation of tax losses  | 503,670   | -           |
| Group relief not paid for  | 6,315     | -           |
| Creation of tax losses   | (56,600)  | (321,027)   |
|  | <u>-</u>  | <u>-</u>    |

'The Chancellor's Budget announced proposed changes to the future rate of corporation tax to reduce the rate to 28% (2006 - 30%) with effect from April 2008. The Finance Bill was approved by the House of Commons on 26 June 2007 and will therefore have an effect on future tax charges.'

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2007**

**9. INTANGIBLE FIXED ASSETS**

| The Group             | Players'<br>registrations<br>£ |
|-----------------------|--------------------------------|
| <b>Cost</b>           |                                |
| At 1 June 2006        | 17,472,488                     |
| Additions             | 2 229,878                      |
| Disposals             | (10,046,762)                   |
| At 31 May 2007        | <u>9,655,604</u>               |
| <b>Amortisation</b>   |                                |
| At 1 June 2006        | 13 363,590                     |
| Charge for the year   | 2 388,072                      |
| Disposals             | (9,269,777)                    |
| At 31 May 2007        | <u>6,481,885</u>               |
| <b>Net book value</b> |                                |
| At 31 May 2007        | <u>3,173,719</u>               |
| At 31 May 2006        | <u>4,108,898</u>               |

**10. TANGIBLE FIXED ASSETS**

| The Group                       | Stadium<br>development<br>£ | Training<br>facilities<br>£ | Plant,<br>equipment<br>and motor<br>vehicles<br>£ | Car Park<br>£  | Fixtures<br>and<br>fittings<br>£ | Total<br>£        |
|---------------------------------|-----------------------------|-----------------------------|---|----------------|----------------------------------|-------------------|
| <b>Cost or valuation</b>        |                             |                             |   |                |                                  |                   |
| At 1 June 2006                  | 36,600,000                  | 5,144,970                   | 2,743,162   | 619,050        | 3,226,427                        | 48,333,609        |
| Additions                       | 76 665                      | -                           | 116 100   | -              | 78,750                           | 271 515           |
| Transfers                       | -                           | -                           | -   | -              | -                                | -                 |
| Revaluations                    | -                           | -                           | -   | -              | -                                | -                 |
| At 31 May 2007                  | <u>36,676,665</u>           | <u>5,144,970</u>            | <u>2 859,262</u>                                  | <u>619,050</u> | <u>3,305,177</u>                 | <u>48,605,124</u> |
| <b>Accumulated depreciation</b> |                             |                             |   |                |                                  |                   |
| At 1 June 2006                  | 732,011                     | 16,751                      | 1 591,980   | 32 996         | 2,153,361                        | 4,527 099         |
| Charge for the year             | 733,343                     | 102,860                     | 189,428   | 12 381         | 189,406                          | 1,227,418         |
| Adjustment on revaluations      | -                           | -                           | -   | -              | -                                | -                 |
| At 31 May 2007                  | <u>1 465,354</u>            | <u>119,611</u>              | <u>1,781,408</u>                                  | <u>45 377</u>  | <u>2,342,767</u>                 | <u>5,754,517</u>  |
| <b>Net book value</b>           |                             |                             |   |                |                                  |                   |
| At 31 May 2007                  | <u>35,211,311</u>           | <u>5,025,359</u>            | <u>1,077,854</u>                                  | <u>573,673</u> | <u>962,410</u>                   | <u>42,850,607</u> |
| At 31 May 2006                  | <u>35,867 989</u>           | <u>5,128,219</u>            | <u>1,151,182</u>                                  | <u>586,054</u> | <u>1,073,066</u>                 | <u>43,806,510</u> |

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2007**

**10 TANGIBLE FIXED ASSETS (CONTINUED)**

Included within training facilities are long term leases with a net book value of £422 500 (2006 £432,500)  
The depreciation on these leased assets was £10,000 (2006 £10,000)

The stadium development was last valued at £36.6 million, on a depreciated replacement cost basis by Dunlop Haywards, Consultant Surveyors, on 20 September 2006. This valuation has been incorporated in these accounts as the directors are of the opinion that there was no material change to the value of the stadium since this valuation. At 31 May 2007 the net book value determined according to the historical cost convention would be £12,624,190 (cost of £17,555,353 less accumulated depreciation of £4,931,163)

At 31 May 2007 the net book value of the total training facilities determined according to the historical cost convention would be £4,062,152 cost of £4,360,317 less accumulated depreciation of £298,165

All other tangible fixed assets are stated at historical cost

**11 INVESTMENTS HELD AS FIXED ASSETS**

| The Company                    | Shares in<br>subsidiaries<br>£ |
|--------------------------------|--------------------------------|
| <b>Cost and net book value</b> |                                |
| At 1 June 2006 and 31 May 2007 | 14,659,997                     |

The company wholly owns the following subsidiaries both of which are incorporated in England

| Subsidiary undertakings                    | Activity         |
|--|------------------|
| Wolverhampton Wanderers F C (1986) Limited | Football Club    |
| Wolverhampton Wanderers Properties Limited | Property company |

**12. STOCKS**

|                       | Group     |           |
|-----------------------|-----------|-----------|
|                       | 2007<br>£ | 2006<br>£ |
| Goods held for resale | 313,103   | 289,421   |

**13. DEBTORS**

|                                | Group            |                  |
|--------------------------------|------------------|------------------|
|                                | 2007<br>£        | 2006<br>£        |
| Trade debtors                  | 3,373,458        | 2,072,523        |
| Other debtors                  | 165,768          | 55,036           |
| Prepayments and accrued income | 946,024          | 1,164,956        |
|                                | <u>4,485,250</u> | <u>3,292,515</u> |

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2007

## 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | Group            |                  | Company       |              |
|--|------------------|------------------|---------------|--------------|
|  | 2007<br>£        | 2006<br>£        | 2007<br>£     | 2006<br>£    |
| Bank loans and overdraft                   | 1,800,000        | 2,315,376        | -             | -            |
| Mortgage loan                              | 16,974           | 17,064           | -             | -            |
| Obligations under finance leases (note 18) | 57,599           | 85,527           | -             | -            |
| Trade creditors                            | 636,537          | 575,641          | -             | -            |
| Other taxation and social security         | 1,390,393        | 1,065,022        | -             | -            |
| Other creditors                            | 2,860,162        | 3,172,269        | 36,501        | 6,555        |
|  | <u>6,761,665</u> | <u>7,230,899</u> | <u>36,501</u> | <u>6,555</u> |

## 15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|   | Group            |                  | Company   |                |
|---|------------------|------------------|-----------|----------------|
|   | 2007<br>£        | 2006<br>£        | 2007<br>£ | 2006<br>£      |
| Amounts owed to ultimate parent undertaking | -                | 655,615          | -         | 655,615        |
| Bank loan                                   | 1,400,000        | 2,200,000        | -         | -              |
| Mortgage loan                               | 326,085          | 341,962          | -         | -              |
| Other creditors                             | 182,407          | 273,618          | -         | -              |
| Obligations under finance leases (note 18)  | 37,301           | 73,686           | -         | -              |
|   | <u>1,945,793</u> | <u>3,544,881</u> | <u>-</u>  | <u>655,615</u> |

The amounts due to the ultimate parent undertaking are interest free and repayable on demand. However, the directors have confirmed the terms of the support by group companies and therefore the loans are treated as long-term liabilities.

## 16. PROVISION FOR LIABILITIES AND CHARGES

## The Group

|   |                |
|---|----------------|
| Contingent appearance fees (see note 1) | £              |
| Balance at 1 June 2006                  | -              |
| Capitalised as players' registrations   | 280,029        |
| Utilised in the year                    | (109,563)      |
| Balance at 31 May 2007                  | <u>170,466</u> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2007**

**17 DEFERRED INCOME**

| <b>The Group</b>                    | <b>Advance<br/>revenue<br/>£</b> | <b>Deferred<br/>grant<br/>income<br/>£</b> | <b>Total<br/>£</b> |
|-------------------------------------|----------------------------------|--|--------------------|
| At 1 June 2006                      | 4,445,236                        | 1,965,683                                  | 6,410,919          |
| Amounts received in the year        | 4,883,354                        | -  | 4,883,354          |
| Transfer to profit and loss account | (4,432,487)                      | (64,225)                                   | (4,496,712)        |
| At 31 May 2007                      | <u>4,896,103</u>                 | <u>1,901,458</u>                           | <u>6,797,561</u>   |

**18. BORROWINGS**

Borrowings are repayable as follows

|   | <b>Group</b>      |                   | <b>Company</b>    |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | <b>2007<br/>£</b> | <b>2006<br/>£</b> | <b>2007<br/>£</b> | <b>2006<br/>£</b> |
| Bank loans and overdrafts                           |                   |                   |                   |                   |
| In one year or less or on demand                    | 1,800,000         | 2,315,376         | -                 | -                 |
| In more than one year but not more than two years   | 800,000           | 800,000           | -                 | -                 |
| In more than two years but not more than five years | 600,000           | 1,400,000         | -                 | -                 |
| Mortgage  |                   |                   |                   |                   |
| In one year or less or on demand                    | 16,974            | 17,064            | -                 | -                 |
| In more than one year but not more than two years   | 18,379            | 18,180            | -                 | -                 |
| In more than two years but not more than five years | 65,126            | 63,121            | -                 | -                 |
| In more than five years                             | 242,580           | 260,660           | -                 | -                 |
| Amounts owed to ultimate parent undertaking         |                   |                   |                   |                   |
| In one year or less or on demand                    | -                 | -                 | -                 | -                 |
| In more than one year but not more than two years   | -                 | 655,615           | -                 | 655,615           |
| Obligations under finance leases                    |                   |                   |                   |                   |
| In one year or less or on demand                    | 57,599            | 85,527            | -                 | -                 |
| In more than one year but not more than two years   | 13,333            | 36,385            | -                 | -                 |
| In more than two years but not more than five years | 23,968            | 37,301            | -                 | -                 |
|   | <u>3,637,959</u>  | <u>5,689,229</u>  | <u>-</u>          | <u>655,615</u>    |

The bank loans and overdrafts are secured by a fixed and floating charge over all property and assets of companies within the group

The mortgage loan is secured on the car parks at Molineux

**19 CALLED UP SHARE CAPITAL**

|   | <b>2007<br/>£</b> | <b>2006<br/>£</b> |
|---|-------------------|-------------------|
| Called up, allotted and fully paid<br>48,000,000 ordinary shares of £1 each | <u>48,000,000</u> | <u>48,000,000</u> |
| Authorised 50,000,000 ordinary shares of £1 each                            | <u>50,000,000</u> | <u>50,000,000</u> |

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2007**

**20. RESERVES**

|                                | Group                              | Profit<br>and loss<br>account | Company<br>Profit<br>and loss<br>account |
|--------------------------------|------------------------------------|-------------------------------|--|
|                                | Capital<br>Contribution<br>Reserve |                               |  |
|                                | £                                  | £                             | £  |
| At 1 June 2006                 | -                                  | 23,651,794                    | (37,341,149)                             |
| Profit for the year            | -                                  | -                             | (34,002,173)                             |
| Capital Contribution           | 100,000                            | -                             | 525,669                                  |
| Revaluation reserve adjustment | -                                  | -                             | -  |
| Transfer between reserves      | -                                  | (391,784)                     | -  |
|                                | <u>100,000</u>                     | <u>23,260,010</u>             | <u>(36,129,575)</u>                      |
| At 31 May 2007                 | <u>100,000</u>                     | <u>23,260,010</u>             | <u>(36,129,575)</u>                      |
|                                | <u>100,000</u>                     | <u>23,260,010</u>             | <u>(33,476,504)</u>                      |

As part of the change in ownership of WW (1990) Ltd, Wend Investments Ltd agreed to the waiving of £100,000 of an inter-company loan due to that company

The cumulative amount of goodwill on acquisition written off to reserves is as stated in note 1

**21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' SURPLUS**

|                                      | 2007              | 2006              |
|--------------------------------------|-------------------|-------------------|
|                                      | £                 | £                 |
| Opening shareholders' surplus        | 34,310,645        | 35,851,193        |
| Decrease in revaluation reserve      | -                 | (385,382)         |
| Profit/(loss) for the financial year | 819,790           | (1,155,166)       |
| Capital Contribution                 | 100,000           | -                 |
|                                      | <u>35,230,435</u> | <u>34,310,645</u> |
| Closing shareholders' surplus        | <u>35,230,435</u> | <u>34,310,645</u> |

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2007

## 22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|   | 2007<br>£          | 2006<br>£      |
|---|--------------------|----------------|
| Operating loss  | (4,935,966)        | (3,176,322)    |
| Depreciation  | 1,227,418          | 1,225,530      |
| Amortisation of players' registrations                            | 2,388,072          | 4,492,507      |
| Loss on sale of tangible fixed assets                             | -                  | -              |
| Amortisation of deferred grant income                             | (64,225)           | (65,852)       |
| (Increase)/decrease in stocks                                     | (23,682)           | 103,172        |
| Increase in debtors   | (1,192,735)        | (1,093,015)    |
| Increase/(decrease) in creditors and accruals and deferred income | 599,055            | (1,239,840)    |
| Increase in provisions  | 170,466            | -              |
| <b>Net cash inflow from operating activities</b>                  | <u>(1,831,597)</u> | <u>246,180</u> |

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

|   | 2007<br>£        | 2006<br>£          |
|---|------------------|--------------------|
| <b>Returns on investments and servicing of finance</b>                      |                  |                    |
| Interest receivable and other similar income                                | 22,772           | 56,571             |
| Interest paid   | (308,581)        | (260,044)          |
| Mortgage Interest Paid  | (26,324)         | (30,717)           |
| Interest element of finance lease rental payments                           | (8,233)          | (14,534)           |
| <b>Net cash outflow for returns on investments and servicing of finance</b> | <u>(320,366)</u> | <u>(248,724)</u>   |
| <b>Capital expenditure and financial investment</b>                         |                  |                    |
| Payments to acquire tangible fixed assets                                   | (250,301)        | (2,308,894)        |
| Payments to acquire intangible fixed assets                                 | (2,295,118)      | (2,399,837)        |
| Receipts from sales of intangible fixed assets                              | 6,853,108        | 3,396,501          |
| <b>Net cash outflow from capital expenditure and financial investment</b>   | <u>4,307,689</u> | <u>(1,312,230)</u> |
| <b>Financing</b>  |                  |                    |
| Decrease in loan from ultimate parent company                               | (655,615)        | -                  |
| Capital element of finance lease rental payments                            | (85,528)         | (111,826)          |
| Mortgage  | (15,966)         | (14,275)           |
| Bank loan   | 200,000          | 1,201,500          |
| <b>Net cash inflow from financing</b>                                       | <u>(557,109)</u> | <u>1,075,399</u>   |



## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2007

## 24. ANALYSIS OF NET DEBT

|                                   | At<br>1 June<br>2006<br>£ | Cash<br>Flow<br>£ | Other non<br>cash items<br>£ | At<br>31 May<br>2007<br>£ |
|-----------------------------------|---------------------------|-------------------|------------------------------|---------------------------|
| Cash                              | -                         | 83,241            | -                            | 83,241                    |
| Bank overdraft                    | (1,515,376)               | 1,515,376         | -                            | -                         |
| Loan from ultimate parent company | (655,615)                 | 655,615           | -                            | -                         |
| Finance leases                    | (159,213)                 | 85,528            | (21,215)                     | (94,900)                  |
| Bank Loan                         | (3,000,000)               | (200,000)         | -                            | (3,200,000)               |
| Mortgage                          | (359,025)                 | 15,966            | -                            | (343,059)                 |
|                                   | <u>(5,689,229)</u>        | <u>2,155,726</u>  | <u>(21,215)</u>              | <u>(3,554,718)</u>        |

Other non cash items are new finance leases with a capital value at inception of £21,215 (2006 £99,651)

## 25. FINANCIAL RISK MANAGEMENT

The directors have reviewed the financial risk management objectives and policies of the group and do not consider it necessary to use hedging instruments or enter into any speculative financial instruments

There is a comprehensive system in place for reporting financial information to the Board including the preparation of budgets for each business activity, monthly accounts comparisons to budget and last year and regular profit and loss projections and cash flow forecasts

**Price Risk**

This is largely governed by the division the club is operating within and prices are set out accordingly. The policy adopted recognises the inherent value of our fan base and core supporters. By monitoring feedback and industry pricing we look to offer the best value for money.

**Liquidity & Cashflow Risk**

A large part of our seasonal business is paid upfront ahead of fixtures taking place through our Early Bird Scheme on both ticketing and corporate business. Any fluctuations in cashflow during the season will arise through player transactions during the transfer window periods and match to match business primarily dependent upon attendance levels/team performance.

**Credit Risk**

As most of our business is either paid for in advance of the season (if seasonal) there is very little exposure to credit risk. The timing of player transfer receipts is governed by stringent Football League rules as are ticket sales to away clubs.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2007

## 26. FINANCIAL COMMITMENTS

|                                 | Group          |                | Company   |           |
|---------------------------------|----------------|----------------|-----------|-----------|
|                                 | 2007<br>£      | 2006<br>£      | 2007<br>£ | 2006<br>£ |
| <b>Capital commitments</b>      |                |                |           |           |
| Contracted for but not provided | <u>760,295</u> | <u>230,715</u> | <u>-</u>  | <u>-</u>  |

**Operating lease commitments**

The Group has no land and building operating leases. At 31 May 2007, the Group was committed to making the following payments during the next year in respect of other operating leases

|                          | Group         |               |
|--------------------------|---------------|---------------|
|                          | 2007<br>£     | 2006<br>£     |
| Leases which expire      |               |               |
| Within one year          | 3,061         | 4,828         |
| Within one to two years  | 17,299        | 14,157        |
| Within two to five years | <u>2,600</u>  | <u>9,506</u>  |
|                          | <u>22,960</u> | <u>28,491</u> |

## 27. CONTINGENT LIABILITIES

In addition to amounts provided in note 16, the group may in future be required to pay contingent sums, dependent on the occurrence of future first team and international appearances and on field playing success of £1,117,500 (2006 - £495,000)

The company is party to an unlimited, supported cross guarantee with its subsidiary undertakings and given in favour of its bankers. The company's potential liability under this cross guarantee at 31 May 2007 is £1,400,000 (2006 - £4 517 617)

## 28. PENSIONS

Certain staff of the company are members of either the Football League Limited Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. As the company is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the group, being invested with insurance companies. Under the provisions of FRS17 the scheme is treated as a defined benefit multi employer scheme.

The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no disclosures are made under the provisions of FRS17. At 1 April 2006, an MFR deficit was identified in the scheme, of which £57 638 was allocated to Wolverhampton Wanderers resulting in a continuation of contributions advised by the Actuary. The total pension cost for the year was £93 317 (2006 - £151 141)

## 29. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

From 9 August 2007 the ultimate parent company is Bridgemere Investments Ltd, a company incorporated in Guernsey. The company is a 75% undertaking of Carden Leisure Ltd, a company incorporated in England and Wales, which is in turn a wholly owned subsidiary of Carden Group Ltd and Bridgemere UK plc.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2007**

**30. POST BALANCE SHEET EVENTS**

On 9th August 2007, 75% of the Company's share capital was acquired by Carden Leisure Ltd and 25% by Mr S P Morgan who was appointed Chairman on that date

Simultaneously and pro rata to these acquisition arrangements, the issued share capital was increased by a further £30,000,000

These additional shares were allocated and fully paid in cash

Since the year end, the company has sold players' registrations recorded as intangible assets with a value at the balance sheet date of £954,632 (2006 - £867 103) resulting in a profit on sale of £218,555 (2006 – profit of £5,781,163) In addition, the company has acquired players' registrations with a value of £7,288,272 (2006 - £2 366,620) since the balance sheet date