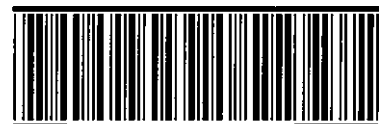


ARTHUR
ANDERSEN

Bolton Wanderers Football & Athletic
Company Limited

Accounts 30 June 1998
together with directors' and auditors' reports

Registered number: 43026



COMPANIES HOUSE 20/25/26

Directors' report

For the year ended 30 June 1998

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 1998.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. 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. During the year, the development of the football ground, the Reebok Stadium, was completed. The total cost of the stadium was £30,101,525 and the official opening took place on 1 September 1998.

Results and dividends

Company results and recommended transfers to reserves are as follows:

	£
Retained loss at 1 July 1997	(3,326,399)
Loss for the financial year after taxation	<u>(1,910,737)</u>
Retained loss at 30 June 1998	<u>(5,237,136)</u>

No dividend can be paid.

Directors' report (continued)

Directors and their interests

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

G. Ball
P.A. Gartside
G. Hargreaves
B. Scowcroft
G. Seymour
G. Warburton
W.B. Warburton

The interests of the directors in the shares and debentures of Burnden Leisure 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.

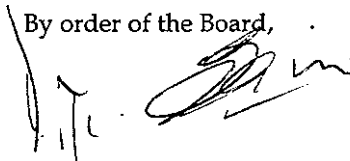
Year 2000

The directors' report with respect to the Year 2000 issue is contained within the Burnden Leisure plc accounts.

Auditors

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

Reebok Stadium
Burnden Way
Lostock
Bolton
BL6 6JW

By order of the Board,

D McBain
Secretary

10 November 1998

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 1998 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

10 November 1998

Profit and loss account

For the year ended 30 June 1998

	Notes	1998 £	1997 £
Turnover	2	15,711,326	7,652,535
Cost of sales		(10,917,772)	(8,256,887)
Other operating expenses		<u>(3,499,110)</u>	<u>(1,082,130)</u>
Operating profit (loss) before transfer fees		1,294,444	(1,686,482)
Net transfer fees	3	<u>(2,160,200)</u>	<u>(1,587,471)</u>
Operating loss		(865,756)	(3,273,953)
Investment income	4	402,639	330,011
Interest payable and similar charges	5	<u>(1,447,620)</u>	<u>(380,856)</u>
Loss on ordinary activities before taxation	6	(1,910,737)	(3,324,798)
Tax on loss on ordinary activities	8	-	31,573
Loss for the financial year		<u>(1,910,737)</u>	<u>(3,293,225)</u>

There are no recognised gains or losses other than the loss for the financial year.

All results relate to continuing operations.

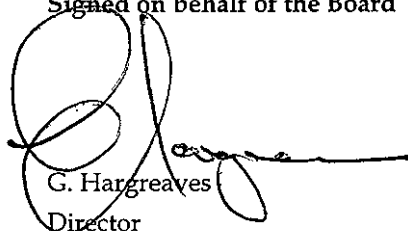
The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 June 1998

	Notes	1998 £	1997 £
Fixed assets			
Tangible assets	9	31,263,580	20,618,022
Investments	10	<u>3,122</u>	<u>3,122</u>
		<u>31,266,702</u>	<u>20,621,144</u>
Current assets			
Assets held for resale		998,419	998,419
Stocks	11	340,346	179,385
Debtors	12	4,012,499	4,974,217
Cash at bank and in hand		<u>167,950</u>	<u>4,506,107</u>
		5,519,214	10,658,128
Creditors: Amounts falling due within one year	13	<u>(38,530,714)</u>	<u>(33,777,649)</u>
Net current liabilities		<u>(33,011,500)</u>	<u>(23,119,521)</u>
Total assets less current liabilities		(1,744,798)	(2,498,377)
Creditors: Amounts falling due after more than one year	14	<u>(3,105,197)</u>	<u>(440,881)</u>
Net liabilities		<u>(4,849,995)</u>	<u>(2,939,258)</u>
Capital and reserves			
Called-up share capital	16	123,750	123,750
Share premium account	17	206,626	206,626
Capital reserve	17	31,418	31,418
Other reserves	17	25,347	25,347
Profit and loss account	17	<u>(5,237,136)</u>	<u>(3,326,399)</u>
Equity shareholder's deficit		<u>(4,849,995)</u>	<u>(2,939,258)</u>

Signed on behalf of the Board



G. Hargreaves
Director

10 November 1998

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

Notes to the accounts

30 June 1998

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.

b) *Tangible fixed assets*

Tangible fixed assets are shown at historical cost.

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

Stadium	1% per annum
Plant and machinery	10% to 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.

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 facilities 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 Turnover

	1998	1997
	£	£
Season tickets and gate receipts	5,213,793	3,292,153
Television and broadcasting	5,486,027	1,362,141
Commercial activities	5,011,506	2,998,241
	<u>15,711,326</u>	<u>7,652,535</u>

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

3 Net transfer fees

	1998	1997
	£	£
Transfer fees received	7,110,000	5,354,156
Transfer fees and expenses paid	<u>(9,270,200)</u>	<u>(6,941,627)</u>
	<u>(2,160,200)</u>	<u>(1,587,471)</u>

Notes to the accounts (continued)

4 Investment income

	1998 £	1997 £
Donations	389,510	329,793
Other interest receivable and similar income	13,129	218
	<u>402,639</u>	<u>330,011</u>

5 Interest payable and similar charges

	1998 £	1997 £
Bank loans and overdrafts	1,199,046	256,869
Finance leases and hire purchase contracts	248,574	13,458
Other loans	-	110,529
	<u>1,447,620</u>	<u>380,856</u>

6 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1998 £	1997 £
Depreciation and amounts written off tangible fixed assets		
- owned	306,939	57,776
- held under finance leases and hire purchase contracts	86,129	50,021
Hire of plant and machinery under operating leases	42,118	24,419
Auditors' remuneration for audit fees	25,000	19,200
Staff costs (see note 7)	<u>8,953,766</u>	<u>6,159,414</u>

Notes to the accounts (continued)

7 Staff costs

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

	1998 £	1997 £
Employee costs during the year amounted to:		
Wages and salaries	8,225,636	5,481,589
Social security costs	700,911	527,304
Other pension costs	27,219	150,521
	<u>8,953,766</u>	<u>6,159,414</u>

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

	1998 Number employed	1997 Number employed
Playing staff	47	47
Management and development	169	165
	<u>216</u>	<u>212</u>

The directors received no remuneration for their services during the year (1997 - £nil).

8 Tax on loss on ordinary activities

The tax credit is based on the loss for the year and comprises:

	1998 £	1997 £
Group relief receivable	-	31,573

9 Tangible fixed assets

	1998 £	1997 £
Stadium	29,855,679	-
Freehold land and buildings	428,818	428,818
Fixtures and fittings	316,007	46,078
Motor vehicles	68,414	119,467
Machinery and equipment	395,492	108,448
Assets in the course of construction	199,170	19,915,211
	<u>31,263,580</u>	<u>20,618,022</u>

Notes to the accounts (continued)

9 Tangible fixed assets (continued)

The movement in the year was as follows:

	Stadium £	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Machinery and equipment £	Assets in the course of construction £	Total £
Cost							
Beginning of year	-	428,818	103,499	194,502	692,100	19,915,211	21,334,130
Additions	10,186,314	-	336,189	13,800	378,089	199,170	11,113,562
Disposals	-	-	(103,499)	(45,635)	-	-	(149,134)
Transfers	19,915,211	-	-	-	-	(19,915,211)	-
End of year	<u>30,101,525</u>	<u>428,818</u>	<u>336,189</u>	<u>162,667</u>	<u>1,070,189</u>	<u>199,170</u>	<u>32,298,558</u>
Depreciation							
Beginning of year	-	-	57,421	75,035	583,652	-	716,108
Charge	245,846	-	20,182	35,995	91,045	-	393,068
Disposals	-	-	(57,421)	(16,777)	-	-	(74,198)
End of year	<u>245,846</u>	<u>-</u>	<u>20,182</u>	<u>94,253</u>	<u>674,697</u>	<u>-</u>	<u>1,034,978</u>
Net book value							
Beginning of year	-	428,818	46,078	119,467	108,448	19,915,211	20,618,022
End of year	<u>29,855,679</u>	<u>428,818</u>	<u>316,007</u>	<u>68,414</u>	<u>395,492</u>	<u>199,170</u>	<u>31,263,580</u>
Leased assets included in the above:							
Net book value							
Beginning of year	-	-	-	119,467	13,493	-	132,960
End of year	<u>3,259,926</u>	<u>-</u>	<u>-</u>	<u>50,369</u>	<u>75,815</u>	<u>-</u>	<u>3,386,110</u>

Notes to the accounts (continued)

10 Fixed asset investments

	1998 £	1997 £
Subsidiary undertakings	2	2
Medals, at cost	3,120	3,120
	<u>3,122</u>	<u>3,122</u>

The Company has two wholly owned dormant subsidiary undertakings, incorporated in England and Wales, being Bolton Sports Village Limited and Bolton Wanderers Holdings Limited.

11 Stocks

	1998 £	1997 £
Goods for resale	<u>340,346</u>	<u>179,385</u>

12 Debtors

	1998 £	1997 £
Amounts falling due within one year:		
Trade debtors	826,683	3,340,092
Amounts owed by group undertakings	44,063	-
Other debtors	22,006	1,169,434
Prepayments and accrued income	3,119,747	464,691
	<u>4,012,499</u>	<u>4,974,217</u>

Notes to the accounts (continued)

13 Creditors: Amounts falling due within one year

	1998 £	1997 £
Obligations under finance leases and hire purchase contracts	681,647	79,796
Bank loans	8,850,000	8,000,000
Other loans	236,977	99,996
Bank overdrafts	2,841,207	8,119,530
Amounts owed to group undertakings	9,134,703	4,745,632
Trade creditors	1,591,577	3,041,215
Other creditors		
- VAT	202,637	-
- social security and PAYE	1,028,856	291,247
Accruals	3,200,277	1,870,724
Deferred income	10,762,833	7,529,509
	<u>38,530,714</u>	<u>33,777,649</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 a subsidiary company.

14 Creditors: Amounts falling due after more than one year

	1998 £	1997 £
Other loans	921,672	360,866
Obligations under finance leases and hire purchase contracts	2,173,925	60,815
Deferred income	9,600	19,200
	<u>3,105,197</u>	<u>440,881</u>

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

	1998 £	1997 £
Amounts payable		
- on demand or within one year	11,928,184	16,219,526
- between one and two years	175,812	99,996
- between two and five years	745,860	260,870
	<u>12,849,856</u>	<u>16,580,392</u>

Notes to the accounts (continued)

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

Obligations under finance leases and hire purchase contracts:

	1998 £	1997 £
Amounts payable		
- within one year	681,647	79,796
- within two to five years	<u>2,173,925</u>	<u>60,815</u>
	<u>2,855,572</u>	<u>140,611</u>

15 Deferred taxation

The deferred tax asset not recognised can be analysed as follows:

	1998 £	1997 £
Excess of depreciation over capital allowances	118,259	-
Accelerated capital allowances	-	(8,061)
Tax losses available	<u>3,283,141</u>	<u>2,712,531</u>
	<u>3,401,400</u>	<u>2,704,470</u>

16 Share capital

	1998 £	1997 £
<i>Authorised</i>		
4,000 (1997 - 4,000) special ordinary shares of £1 each	4,000	4,000
40,000 (1997 - 40,000) ordinary shares of £3 each	<u>120,000</u>	<u>120,000</u>
	<u>124,000</u>	<u>124,000</u>
<i>Allotted, called-up and fully-paid</i>		
3,750 (1997 - 3,750) special ordinary shares of £1 each	3,750	3,750
40,000 (1997 - 40,000) ordinary shares of £3 each	<u>120,000</u>	<u>120,000</u>
	<u>123,750</u>	<u>123,750</u>

Notes to the accounts (continued)

17 Reserves

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

	1998 £	1997 £
Non-distributable		
- profit and loss account	(5,237,136)	(3,326,399)
- share premium account	206,626	206,626
- capital reserve	31,418	31,418
- other reserves	25,347	25,347
Total reserves	<u>(4,973,745)</u>	<u>(3,063,008)</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	25,347	(3,326,399)	(3,063,008)
Retained loss for the year	-	-	-	(1,910,737)	(1,910,737)
End of year	<u>206,626</u>	<u>31,418</u>	<u>25,347</u>	<u>(5,237,136)</u>	<u>(4,973,745)</u>

18 Reconciliation of movements in equity shareholder's deficit

	1998 £	1997 £
Loss for the financial year	(1,910,737)	(3,293,225)
Loan notes redeemed	-	(50)
Net addition to shareholder's deficit	(1,910,737)	(3,293,275)
Opening equity shareholder's deficit	(2,939,258)	354,017
Closing equity shareholder's deficit	<u>(4,849,995)</u>	<u>(2,939,258)</u>

Notes to the accounts (continued)

19 Guarantees and other financial commitments

a) Capital commitments

At the end of the year, capital commitments were:

	1998 £	1997 £
Contracted for but not provided for	<u>622,000</u>	<u>17,168,533</u>

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 as at 30 June 1998 is £406,000 (1997 - £585,000).
- 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 (1997 - £100,000) has been deposited with the Co-operative Bank plc.
- iii) A commitment has been made to provide a sum of up to £300,000 (1997 - £150,000) for the part funding of the construction of a railway station close to the Reebok Stadium.
- iv) A commitment has been made to Bolton Metropolitan Borough Council to pay a maximum of £900,000 (1997 - £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 depending on the amounts of funding received.

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 1998 was £42,118 (1997 - £24,419). The lease agreements provide that the Company will pay all insurance, maintenance and repairs.

Notes to the accounts (continued)

19 Guarantees and other financial commitments (continued)

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

	Plant and machinery	
	1998	1997
	£	£
Operating leases which expire		
- within one year	-	22,206
- within two to five years	59,549	5,606
- after five years	6,897	-
	<u>66,446</u>	<u>27,812</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 £27,219 (1997 - £150,521). There were no outstanding pension contributions at year end (1997 - £32,850).

20 Related party transactions

Transactions with directors of the Company are as follows:

- i) William Hargreaves Limited, a wholly owned subsidiary of William Hargreaves (Holdings) Limited, a company in which G. Hargreaves is the majority shareholder, received £154,854 (1997 - £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 previous years.
- ii) Warburtons Limited, a company of which W.B. Warburton is a director, provided a payroll service to the Company during the year, for which it received no payment.

In preparing the accounts the company has taken advantage of the provisions of Financial Reporting Standard 8 and has not disclosed transactions with the ultimate parent company, Burden Leisure plc, or other group undertakings.

21 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 Burden Leisure plc and a group cash flow statement is included in the accounts of that company.

Notes to the accounts (continued)

22 Net liabilities

Under section 123 of the Insolvency Act 1986 a creditor of the company could petition for it to be wound up on the grounds that it has net liabilities of £4,849,995. However, in the opinion of the directors, no adjustments are required to the accounts which have been drawn up on a going concern basis because the parent company, Burnden Leisure plc, has undertaken to provide such financial support as is necessary to enable the Company to meet its liabilities as they fall due.

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 Reebok Stadium, Burnden Way, Lostock, Bolton, BL6 6JW. The consolidated accounts of this group are available to the public and may be obtained from the above address.