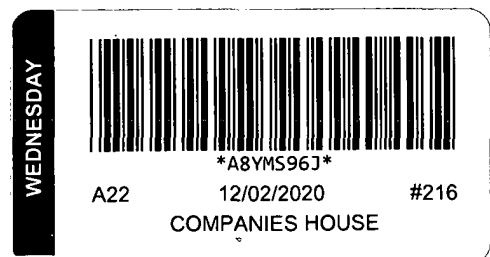


**WOLVERHAMPTON WANDERERS  
FOOTBALL CLUB (1986) LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 May 2019**



**WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MAY 2019**

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# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

### DIRECTORS

J F Bowater  
J Gough  
Y Shi  
X Sun  
K D Thelwell

### COMPANY SECRETARY

M D Wild

### REGISTERED OFFICE

Molineux Stadium  
Waterloo Road  
Wolverhampton  
West Midlands  
WV1 4QR

### MAIN BANKER

Barclays Bank PLC  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

### AUDITOR

KPMG LLP  
Statutory Auditor  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## STRATEGIC REPORT

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

### PRINCIPAL ACTIVITY

The principal activity of the company throughout the year was that of a professional football club.

### REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

In the year under review, the Club competed in the Premier League, the first year back in the Premier League since 2012. This year saw a continuation of strong investment into developing the squad, and ultimately proved successful, resulting in a seventh-place finish in the League, with 57 points, the best achieved by the Club in the top division since 1979/80 season. The club also achieved qualification to the 2<sup>nd</sup> qualifying round of the UEFA Europa League, the first time in 39 years that the club will compete in European competition. Following the conclusion of the year under review, the club have invested further in both the first team and development squads, and the supporting infrastructure and facilities throughout the summer, and have successfully qualified for the UEFA Europa League group stage.

Turnover for the year reached £172.5m (2018: £26.4m), which is primarily driven by receipt of Premier League distributions, and supplemented improvements to match attendances, and increases of all aspects of the club's commercial business, alongside continued successful on pitch performance.

Season ticket numbers increased to maximum available, being 22,500 during the 2018/19 season (2018: 21,233) with our average league attendances increased to 31,030 compared to 28,298 in the prior year.

Revenue was further increased through an increase in merchandising revenues, and £0.4m increase in corporate hospitality revenues, primarily as a result of matchday hospitality, and from prize money from the FA Cup run to the semi-final in 2018/19 season.

Player trading in the year generated profit of £11.9m through disposal of players' registrations (2018: £8.1m), but this was outweighed by higher amortisation and impairment charges on player registrations of £37.7m (2018:£16.1m), primarily driven by investments in the first team squad, including Traore, Patricio, Jota, Boly, Moutinho, Jonny Castro and Vinagre, resulting in a net Player Trading loss of £25.8m (2018: £8.0m).

Operating costs increased in this period reflecting the increases in first team payroll expenses in line with contractual terms exercised upon competing in the Premier League, alongside increased costs in enhancing both the infrastructure of the club, and the matchday experience.

Throughout the year, the Club was under the ownership of Fosun International Holdings Limited, with ultimate ownership transferring to Chairman Guo Guangchang as a result of changes to shareholdings in the parent company. Going forward, the aim for the Club is to establish themselves as a strong contenders for qualification to European club competition year-on-year, which will be achieved through continued application of the footballing philosophy applied throughout the 2018/19 season, with strategic enhancements to the playing squad and development of academy players, supported by strategic alignment of the wider business, ensuring the business is consistent in its belief and application of the spirit and values established.

The directors have a continued commitment to continuously improve the Club, from both a footballing and a wider operational and strategic perspective. Supported by continued success in both the Premier League and cup competitions, both European and domestic, the directors consider prospects for the company to be excellent.

### GOING CONCERN

The directors have concluded after making enquiries that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 1 of the financial statements.

The directors have obtained a letter from W.W. (1990) Limited, the immediate parent company, and Fosun International Limited, which confirms their intention to meet all of the obligations, to the extent they are unable to meet those obligations themselves, for a period of not less than one year from the date of the signing of the financial statements.

**STRATEGIC REPORT (CONTINUED)**

**FINANCIAL RISK MANAGEMENT**

The company's principal risk relates to the league in which the Club competes and the financial impact that this has on the business in terms of attendances and the funds received from central distributions made by either the Premier League or the Football League. In the year under review the club receives League distributions and broadcasting rights from the Premier League.

As is the case with all professional football clubs under the realm of the Premier League, there is a risk in respect of complying with the Profit and Sustainability regulations, where failure to meet the required thresholds can result in both financial and operational sanctions to the Club. However, in response to this, the directors ensure the latest forecasted financial performance against the Profit and Sustainability criteria is consistently monitored and updated as a minimum month on month, to mitigate the risk of such sanctions by maintaining a comfortable headroom position, ensuring decisions taken in light of such forecasting do not compromise a comfortable level of headroom.

Another financial risk arises as a result macro-economic factors which affect the value of the pound against the Euro. The Club has entered into forward contracts for certain specific amounts payable to mitigate the risk of higher payments as a result of an adverse fluctuation in the market. The impact on the foreign exchange rate between the Euro and the pound has had an impact on the value of transfer fees paid which are stated in Euros per the terms of the individual transfer agreements, and therefore as the functional and presentation currency of these set of statutory accounts is the pound, transfer instalments stated in Euros per the transfer agreements are retranslated at the balance sheet date.

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 the prior year and regular profit and loss projections and cash flow forecasts.

**PRICE RISK**

This is largely governed by the league in which the Club is competing, and prices are set accordingly. The policy adopted recognises the inherent value of the fan base and core supporters and the need to grow the number of supporters following the team. By monitoring feedback and industry pricing the Club looks to offer good value for money to help achieve this objective.

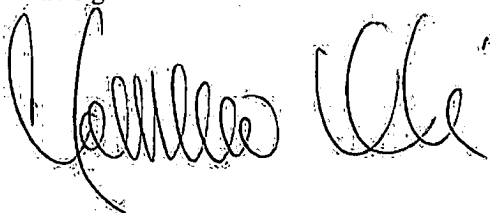
**LIQUIDITY AND CASH FLOW RISK**

A large part of the seasonal business is paid for ahead of fixtures taking place, on both ticketing and corporate business. Major fluctuations in cash flow during the season will usually only arise through player transactions during the transfer window periods. Match-to-match business is largely dependent upon attendance levels and team performances.

As most of the business is secured in advance of the start of the season, budgets can be prepared within defined key business parameters and hence working capital can be assessed and managed accordingly.

The W.W. (1990) Group, of which the Club is an integral company, continues to demonstrate effective working capital management with enough headroom to accommodate any seasonal fluctuations. Cash flows are prepared and managed monthly but monitored daily to the satisfaction of the directors and shareholders.

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



M D Wild  
Company Secretary  
15 October 2019

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 May 2019.

**POST BALANCE SHEET EVENTS**

Details of post-year end trading are set out in note 22 to the financial statements.

**DIVIDENDS AND RESERVES**

The profit for the financial year of £21,639,000 has been credited to reserves (2018: £55,149,000 loss debited to reserves). The directors are unable to recommend payment of a dividend (2018: same).

**DIRECTORS**

The directors of the company who served during the year and thereafter, except as noted below, were as follows:

J F Bowater  
J Gough  
Y Shi  
X Sun  
K D Thelwell (appointed 4 September 2019)

**DIRECTORS' INDEMNITIES**

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

**DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons, should, as far as possible, be identical to that of other employees.

**EMPLOYEE CONSULTATION**

The company considers that employee involvement is essential to the continuing development and success of its business and uses a variety of methods to inform, consult and involve its employees. This is achieved through formal and informal meetings.

**FUTURE DEVELOPMENTS**

Future Developments have been disclosed as part of the Strategic Report; please refer to this on page 2.

**USE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

Use of financial instruments and financial risk management have been disclosed as part of the Strategic Report, please refer to pages 2 and 3.

**POLITICAL CONTRIBUTIONS**

The company made no political donations or incurred any political expenditure during the year.

# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## DIRECTORS' REPORT (continued)

### AUDITOR

KPMG LLP was appointed as auditor during the period and have expressed their willingness to continue in office, therefore pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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 auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### APPROVAL OF REDUCED DISCLOSURES

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12 (see note 1). The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by W.W. (1990) Limited, as its immediate parent.

Approved by the Board and signed on its behalf by:



M D Wild  
Company Secretary  
Molineux Stadium  
Waterloo Road  
Wolverhampton  
West Midlands  
WV1 4QR

15 October 2019

## WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

### Opinion

We have audited the financial statements of Wolverhampton Wanderers Football Club (1986) Limited ("the company") for the year ended 31 May 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED  
(CONTINUED)**

**Going concern (continued)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED  
(CONTINUED)**

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Andrew Cawthray (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

United Kingdom

15 October 2019

**WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED**

**PROFIT AND LOSS ACCOUNT**

	Note	Operations (excluding player amortisation & trading £'000	Player amortisation & trading £'000	2019 £'000	2018 £'000
<b>TURNOVER</b>	3	172,463		172,463	26,400
Operating expenses	5	(122,496)	(37,724)	(160,220)	(89,203)
<b>OPERATING PROFIT/(LOSS)</b>		49,967	(37,724)	12,243	(62,803)
Profit on disposal of players' registrations	6	=	11,872	11,872	8,123
<b>PROFIT/(LOSS) BEFORE NET FINANCING</b>	6	49,967	(25,852)	24,115	(54,680)
Interest receivable and similar income				21	9
Interest payable and similar charges				(2,003)	(478)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>				22,133	(55,149)
Tax on Profit/(loss)	7			(494)	
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>				21,639	(55,149)

The accompanying notes are an integral part of the financial statements.

Player trading consists primarily of amortisation costs of acquiring player registrations, and impairment charges and profit on disposal of player registrations.

All results derive from continuing operations:

There are no recognised gains and losses other than those included in the results above. Accordingly, no separate statement of comprehensive income has been prepared.

**WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED**

**BALANCE SHEET  
As at 31 May 2019**

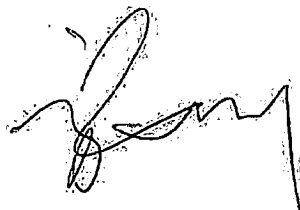
	Note	£'000	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>				
Intangible assets	8		102,385	38,293
Tangible assets	9		6,576	3,800
			<u>108,961</u>	<u>42,093</u>
<b>CURRENT ASSETS</b>				
Stocks	10	353		125
Debtors (£54,407,000 due in more than 1 year)	11	89,330		54,753
Cash at bank and in hand		27,989		2,268
		<u>117,672</u>		<u>57,146</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(242,732)</u>		<u>(154,671)</u>
<b>NET CURRENT LIABILITIES</b>			<u>(125,060)</u>	<u>(97,525)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(16,099)</u>	<u>(55,432)</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13		<u>(24,554)</u>	<u>(5,650)</u>
			<u>(40,653)</u>	<u>(61,082)</u>
<b>PROVISION FOR LIABILITIES</b>	15		(80)	(1,290)
<b>NET LIABILITIES</b>			<u>(40,733)</u>	<u>(62,372)</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	17		3,000	3,000
Capital contribution reserve			26,830	26,830
Profit and loss account			<u>(70,563)</u>	<u>(92,202)</u>
<b>SHAREHOLDER'S DEFICIT</b>			<u>(40,733)</u>	<u>(62,372)</u>

The accompanying notes are an integral part of the financial statements.

These financial statements of Wolverhampton Wanderers FC (1986) Limited, registered number 01989823, were approved by the Board of Directors and authorised for issue on 15 October 2019.

Signed on behalf of the Board of Directors

Y Shi  
Director



**WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED****STATEMENT OF CHANGES IN EQUITY  
As at 31 May 2019**

	<b>Called up share capital £'000</b>	<b>Capital contribution reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
At 1 June 2017	3,000	26,830	(37,053)	(7,223)
Loss for the financial year and total comprehensive income			(55,149)	(55,149)
At 31 May 2018	3,000	26,830	(92,202)	(62,372)
Profit for the financial year and total comprehensive income			21,639	21,639
At 31 May 2019	3,000	26,830	(70,563)	(40,733)

The accompanying notes form part of these financial statements.

# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2019

### 1. ACCOUNTING POLICIES

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### Basis of accounting

Wolverhampton Wanderers Football Club (1986) Limited is a company incorporated in the United Kingdom under the Companies Act. The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Wolverhampton Wanderers Football Club (1986) Limited is pounds sterling because that is the currency of the primary economic environment in which the company operates. All amounts in the financial statements have been rounded to the nearest £1,000.

Wolverhampton Wanderers Football Club (1986) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Wolverhampton Wanderers Football Club (1986) Limited is consolidated in the financial statements of its parent, W.W. (1990) Limited, which may be obtained from Companies House. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### Going concern

For the purposes of assessing going concern, the directors are aware of the inter-dependency of each entity within the W.W. (1990) Limited Group. The Club's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. In addition, the Strategic report includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

On 13<sup>th</sup> September 2019 the Club secured additional financing facilities totalling £50 million. These facilities comprise a £25 million term loan expiring in August 2022 and a £25 million Revolving Credit Facility expiring in August 2021 (with a one-year extension option in favour of the lenders). These facilities are repayable earlier if the Football Club is relegated from the FA Premier League.

The directors have prepared cash flow forecasts for the current (19/20) and forthcoming (20/21) season, including a period of 12 months from the date of approval of these financial statements. The Club's forecasts and projections show that the Club is expected to have a sufficient level of financial resources to meet its liabilities as they fall due over the period of the forecasts. The directors have also prepared forecasts that reflect downside sensitivities, most notably in the event of relegation from the FA Premier League at the end of the current (19/20) season. In such a scenario, considering the requirements to repay the external financing facilities referred above, the company would require additional cash funding to meet its liabilities as they fall due over the period of the forecasts. Mitigating actions available to the Directors include alternative sources of loan finance, the option of player disposals to generate transfer fee income and wage savings as well as additional support from its intermediate parent company, Fosun International Limited.

The forecasts are dependent on Fosun International Limited not seeking repayment of the amounts currently due to them, which at 31 May 2019 amounted to £131,000,000, and in the event of the downside sensitivities referred above, providing additional financial support during that period. Fosun International Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Going concern (continued)

Consequently, the directors are confident that the Group and the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to prepare the financial statements on a going concern basis.

#### Turnover

Turnover represents League distributions, gate receipts, sponsorship, advertising and other income associated with the principal activity of running a professional football club and excludes value added tax. Turnover is recognised when the provision of each service is complete. All turnover is derived from activities in the UK. The fixed element of League distributions and broadcasting revenues are recognised over the duration of the football season whilst facility fees for live coverage or highlights are recognised when the match is played and broadcasted.

#### Deferred income

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

#### Intangible fixed assets

The costs associated with the acquisition of players' registrations, less financing element for instalments deferred beyond normal credit terms, are capitalised as intangible fixed assets. These costs are fully amortised on a straight-line basis over the period of the respective players' contracts. Provision for impairment is made when it becomes apparent that any diminution in value is permanent, because of an adverse event. In the event of an initial contract being renegotiated prior to expiry, the remaining net book value is amortised over the extended period.

#### 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 on a straight-line basis. 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

Under the conditions of certain transfer agreements or contract renegotiations, further fees will be payable in the event of the players concerned making a certain number of appearances or on the occurrence of certain other specified future events. 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. If the likelihood of meeting these criteria is not probable no provision is made (see note 16).

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated market residual value of each asset, on a straight-line basis over its expected useful life as below:

Plant and equipment	10%-20%
Motor vehicles	20%
Fixtures and fittings	12.5%

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.



# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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

#### Financial instruments (continued)

##### (i) *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2019

### 1. ACCOUNTING POLICIES (CONTINUED)

#### (ii) *Equity instruments*

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

#### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### *Non-financial assets*

An asset is impaired where there is objective evidence that, because of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### **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. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### **Employee benefits**

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

#### **Leases**

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2019

### 1. ACCOUNTING POLICIES (continued)

#### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable, finance expenses on finance leases recognised in profit or loss using the effective interest method and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, based on all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company can control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model is measured using the tax rates and allowances that apply to sale of the asset.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2019

### 1. ACCOUNTING POLICIES (continued)

#### Foreign currencies

The individual financial statements of the company are presented in pound sterling, being the functional currency of the company, as it is the primary economic environment in which the company operates.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

#### Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### *Valuation of player registrations*

The net book value of player registrations includes the directors' judgement of the recoverable value, and the existence of any indicators of impairment, particularly for players who are not involved in first team affairs or are in their development phase. Where in the opinion of the directors the recoverable value of a player registration is less than the net book value, an impairment adjustment is made.

#### Key sources of estimation uncertainty

The key sources of estimation uncertainty at the balance sheet date, which have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Fair value of contingent transfer provision*

The fair value of contingent appearance provisions requires an estimate of when the criteria will be achieved, and as such when the contingent sums will be due for payment, to determine the present value. The Group have based their assessment on an individual player by player basis, considering their involvement in match day competitive fixtures. Such estimates are subject to change, because of injuries or changes to first team management.

**WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 May 2019**

**3. TURNOVER**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Gate receipts	11,539	7,841
Sponsorship and advertising	15,322	2,609
Broadcasting rights	18,654	1,070
Commercial	10,578	6,255
League distributions	114,670	6,914
Other turnover	1,700	1,711
	<u>172,463</u>	<u>26,400</u>

All turnover in the current and prior year arises from the United Kingdom.

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The directors received total emoluments of £470,000 (2018: £366,000) paid by Wolverhampton Wanderers FC (1986) Limited, but it is not practicable to allocate this 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. One director received remuneration from Wolverhampton Wanderers FC (1986) Limited (2018: one) as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Director's remuneration</b>		
Emoluments	470	366
Company contributions to money purchase pension schemes	-	-
	<u>470</u>	<u>366</u>

The number of directors who were members of a defined contribution scheme in the financial year was nil (2018: nil).

Remuneration of the highest paid director:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments	470	366
Company contributions to money purchase pension schemes	-	-
	<u>470</u>	<u>366</u>

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed (including directors)</b>		
Playing staff	87	89
Non-playing staff	278	230
	<u>365</u>	<u>319</u>

**WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 May 2019**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)**

Included in the above, is an average of 121 (2018: 99) members of staff who were employed on a part time basis.

	2019 £'000	2018 £'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	80,842	44,616
Social security costs	11,148	5,897
Pension costs	141	196
	<u>92,131</u>	<u>50,709</u>

**5. OPERATING EXPENSES**

	2019 £'000	2018 £'000
<b>Operating expenses comprise:</b>		
Depreciation of owned assets (note 9)	1,121	693
Depreciation of leased assets (note 9)	12	11
Amortisation/impairment of players' registrations (note 8)	37,724	16,147
	<u>38,857</u>	<u>16,851</u>
Staff costs (note 4)	92,131	50,709
Other operating charges	29,232	21,643
Operating expenses	<u>160,220</u>	<u>89,203</u>

**6. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2019 £'000	2018 £'000
<b>Profit/(loss) before taxation is stated after charging/(crediting):</b>		
Depreciation		
- owned assets	1,121	693
- leased assets	12	11
Amortisation of players' registrations	32,523	13,037
Provision for impairment of intangible assets	5,201	3,110
Cost of stock recognised as an expense	2,456	1,392
Release of contingent appearance fee provision	(26)	(402)
Profit on disposal of player registrations	(11,872)	(8,123)
Loss on disposal of fixed assets	46	3
Auditor's remuneration		
Audit fees: Annual audit of the company's financial statements	31	36
Non-audit fees – tax compliance services & related fees	13	13
Operating leases		
Hire of plant and machinery	28	26
Hire of assets other than plant and machinery	266	246

**WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 May 2019**

**7: TAX ON LOSS ON ORDINARY ACTIVITIES**

The company has a tax charge arising due to the profit in the year, only partially offset by loss relief, following reform of loss relief rules. The company has tax losses remaining to carry forward of £70,371,000 (2018: £73,831,000).

The standard rate of tax applied to reported profit on ordinary activities is 19% (2018: 19%). Finance (No.2) Act 2015 enacted reductions resulting in a main rate of corporation tax of 19% for financial years 2017 to 2019 and a rate of 18% with effect from 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

The difference between the total tax charge shown above and the amount calculated by applying standard rate of UK corporation tax to the profit before tax is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) on ordinary activities before tax	22,133	(55,149)
Tax on (loss)/profit on ordinary activities at standard rate of 19% (2018: 19%)	4,205	(10,478)
<b>Factors affecting charge:</b>		
Expenses not deductible for tax purposes	28	30
Effects of group relief/other reliefs	358	38
Deferred tax not recognised	(3,074)	9,486
Effect of change in rate	(362)	1,116
Transfer pricing adjustment	(647)	(192)
Fixed asset differences	(14)	-
	<u>494</u>	<u>-</u>

The potential deferred tax asset of £11,252,000 (2018: £13,601,000), which arises largely in respect of losses carried forward, has not been recognised as it is not anticipated that there will be sufficient taxable profits generated in the future against which the losses may be offset.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Unutilised losses	11,963	12,552
Accelerated capital allowances	(732)	1,043
Other timing differences	21	6
Unrecognised deferred tax asset	<u>11,252</u>	<u>13,601</u>

**WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 May 2019**

**8. INTANGIBLE FIXED ASSETS**

	Players' registrations £'000	Development costs £'000	Licences £'000	Total £'000
<b>Cost</b>				
At 1 June 2018	61,944	-	-	61,944
Additions	111,037	24	14	111,075
Disposals	(20,660)	-	-	(20,660)
At 31 May 2019	<u>152,321</u>	<u>24</u>	<u>14</u>	<u>152,359</u>
<b>Amortisation</b>				
At 1 June 2018	23,651	-	-	23,651
Charge for the year	32,523	1	1	32,525
Provision for impairment	5,201	-	-	5,201
Disposals	(11,403)	-	-	(11,403)
At 31 May 2019	<u>49,972</u>	<u>1</u>	<u>1</u>	<u>49,974</u>
<b>Net book value</b>				
At 31 May 2019	<u>102,349</u>	<u>23</u>	<u>13</u>	<u>102,385</u>
At 31 May 2018	<u>38,293</u>	<u>-</u>	<u>-</u>	<u>38,293</u>

The amortisation and impairment charge are recognised in operating expenses.

**9. TANGIBLE FIXED ASSETS**

	Motor vehicles £'000	Fixtures and fittings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>				
At 1 June 2018	85	6,275	6,887	13,247
Additions	-	1,860	2,095	3,955
Disposals	-	(39)	(270)	(309)
At 31 May 2019	<u>85</u>	<u>8,096</u>	<u>8,712</u>	<u>16,893</u>
<b>Accumulated depreciation</b>				
At 1 June 2018	85	4,253	5,109	9,447
Charge for the year	-	521	612	1,133
Disposals	-	(18)	(245)	(263)
At 31 May 2019	<u>85</u>	<u>4,756</u>	<u>5,476</u>	<u>10,317</u>
<b>Net book value</b>				
At 31 May 2019	<u>-</u>	<u>3,340</u>	<u>3,236</u>	<u>6,576</u>
At 31 May 2018	<u>-</u>	<u>2,022</u>	<u>1,778</u>	<u>3,800</u>



# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2019

### 9. TANGIBLE FIXED ASSETS (CONTINUED)

Included within plant and equipment are assets held under finance lease with a net book value of £60,000 (2018: £72,000). The depreciation on these leased assets was £12,000 (2018: £11,000).

### 10. STOCKS

	2019 £'000	2018 £'000
Goods held for resale	353	125

There is no material difference between the balance sheet value of stocks and their replacement cost.

The value of goods held for resale recognised as cost of sales in the year amounted to £2,456,000 (2018: £1,392,000)

### 11. DEBTORS

	2019 £'000	2018 £'000
Trade debtors	9,329	1,112
Due from W.W. Group undertakings	52,039	44,456
Other debtors	14,520	6,960
Prepayments and accrued income	13,442	2,225
	<u>89,330</u>	<u>54,753</u>

All debtors are due within one year, other than debtors totalling £2,368,000 relating to transfer of player registrations (2018: £nil) and amounts due from W.W. Group undertakings totalling £52,039,000 (2018: £44,344,000).

Debtors relating to player trading of £11,601,000 (2018: £4,952,000) are included in other debtors.

The amounts due from Group undertakings are repayable on demand. No interest is charged on this debtor.

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Amounts due on finance leases	7	23
Trade creditors	1,422	1,212
Loans due to W.W. Group undertakings	163,551	107,561
Other taxation and social security	11,819	2,529
Corporation tax	494	-
Other creditors, accruals and deferred income	65,439	43,346
	<u>242,732</u>	<u>154,671</u>

The amounts due on finance leases are secured on the assets to which they relate and will be fully settled within 5 years. The finance leases are in relation to pitch maintenance equipment.

The amounts due to W.W. (1990) Limited of £163,551,000 (2018: £107,561,000) are repayable on demand. No interest is charged on this creditor.

Amounts payable in respect of player trading of £31,317,000 (2018: £17,463,000) are included within other creditors.

**WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 May 2019**

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019 £'000	2018 £'000
Amounts due on finance leases	=	4
Other creditors	24,554	5,646
	<u>24,554</u>	<u>5,650</u>

The amounts due on finance leases are secured on the assets to which they relate and will be fully settled within 5 years. The finance leases are in relation to pitch maintenance equipment.

Amounts payable in respect of player trading of £24,454,000 (2018: £5,520,000) are included within other creditors.

**14. BORROWINGS**

	2019 £'000	2018 £'000
Due to W.W. Group undertakings:		
Within one year	163,561	107,561
Amounts due on finance leases:		
Within one year	7	23
In more than one year but not more than two years	-	4
In more than two years but not more than five years	-	-
Total borrowings	<u>163,568</u>	<u>107,588</u>
Less cash at bank and in hand	<u>(27,989)</u>	<u>(2,268)</u>
Net debt at 31 May 2019	<u>135,579</u>	<u>105,320</u>

**15. PROVISIONS FOR LIABILITIES**

	Contingent appearance fees £'000	Total £'000
Balance at 1 June 2018	1,290	1,290
Created in the year	-	-
Utilised in the year	(1,188)	(1,188)
Impact of foreign exchange retranslation/deemed finance expense	4	4
Released in the year	(26)	(26)
Balance at 31 May 2019	<u>80</u>	<u>80</u>

# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2019

### 16. CONTINGENT LIABILITIES

The company may be required to pay contingent sums, dependent on the occurrence of future first team and international appearances and on field playing success of £13,658,000 (2018: £8,957,000) at the balance sheet date.

In the ordinary course of the company's business liabilities may arise from time to time as a result of a variety of legal claims and/or fines and penalties resulting from alleged failure to comply with laws and regulations in areas such as employment, taxation, health and safety, environmental and regulatory compliance. When such matters arise, management perform a thorough investigation, including, where appropriate, seeking external legal advice. At the current time, the company does not consider it has any material liability in respect of any such matters, although such situations are fluid and are subject to change in future periods.

### 17. CALLED UP SHARE CAPITAL AND RESERVES

	2019	2018
	£'000	£'000
<b>Allotted, called up and fully paid</b>		
3,000,000 ordinary shares of £1 each	3,000	3,000
	<u>3,000</u>	<u>3,000</u>

Each share entitles the shareholder to one vote each at a general meeting.

The capital contribution reserve relates to amounts contributed to the Company by their parent undertakings with no attached encumbrances.

The profit and loss reserve relate to accumulated profits and losses through day to day operation of trading.

### 18. FINANCIAL COMMITMENTS

#### Operating lease commitments

Total future minimum lease payments under non-cancellable leases are as follows:

	2019	2018
	£'000	£'000
Within one year	3	80
Between one and five years	71	20
	<u>74</u>	<u>100</u>

#### Capital commitments

	2019	2018
	£'000	£'000
Contracted for but not provided		
- fixtures and fittings	1,982	3,321
- intangible assets	49,290	23,657
	<u>51,272</u>	<u>26,978</u>

Committed capital expenditure relating to fixtures and fittings can be attributed to the improvements to Molineux Stadium facilities and improvements to Compton training ground facilities. Intangible assets relate to players where an option to purchase had been exercised prior to the balance sheet date.

All capital commitments in both the current and preceding year relate to tangible fixed assets.

# WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2019

### 19. PENSIONS

Certain employees 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 many 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.

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, it has been accounted for by the company based on the present value of contributions payable as per the latest triennial review.

At 31 August 2017, an MFR deficit was identified in the scheme, of which £126,000 was attributable to Wolverhampton Wanderers Football Club (1986) Limited at 31 May 2019, resulting in an increase of contributions advised by the actuary.

Total costs relating to the defined contribution schemes in the year are £141,000 (2018: £196,000).

### 20. PARENT UNDERTAKING

The ultimate holding company is Fosun International Holdings Limited, a company incorporated in the British Virgin Islands whose address is Akara Building, 24 De Castro Street, Wickhams Clay I, Road Town, VG1110, British Virgin Islands. The immediate parent undertaking is W.W. (1990) Limited, a company registered in England and Wales whose registered office is Molineux Stadium, Waterloo Road, Wolverhampton, WV1 4QR.

The smallest group in which the results of the company are consolidated is that headed by W.W. (1990) Limited. Copies of these financial statements can be obtained from Companies House.

The largest group of which the company is a member and for which group financial statements are prepared is that headed by Fosun International Limited. The latest submitted financial report for the interim period can be obtained at [http://ir.fosun.com/system/files-encrypted/nasdaq\\_kms/news/2019/08/27/5:05-20/2019%20Interim%20Results%20Ann\\_EN\\_Clean\\_20190827%20-%201620.pdf](http://ir.fosun.com/system/files-encrypted/nasdaq_kms/news/2019/08/27/5:05-20/2019%20Interim%20Results%20Ann_EN_Clean_20190827%20-%201620.pdf).

### 21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available under FRS 102, section 33 "Related Party Disclosures" relating to transactions with other wholly owned companies in the group headed by W.W. (1990) Limited.

### 22. POST BALANCE SHEET EVENTS

Since the year end, the company has sold player registrations recorded as intangible assets with a value at the balance sheet date of £123,000 (2018: £2,018,000). In addition, the company has acquired player registrations with a value of £95,156,000 (2018: £109,650,000) since the balance sheet date. Also, since the balance sheet date, the company has recognised a profit on sales of player registrations of £2,566,000 (2018: £12,176,000).

Subsequent to the year end, on 13<sup>th</sup> September 2019, the Club secured additional financing facilities totalling £50 million. These facilities comprise a £25 million term loan expiring in August 2022 and a £25 million Revolving Credit Facility expiring in August 2021 (with a one-year extension option in favour of the lenders). These facilities are repayable earlier if the Football Club is relegated from the FA Premier League.