

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

Annual Report and Financial Statements

For the year ended 31 May 2018



WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MAY 2018**

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WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J F Bowater
J Gough
Y Shi
X Sun

COMPANY SECRETARY

M D Wild

REGISTERED OFFICE

Molineux Stadium
Waterloo Road
Wolverhampton
West Midlands
WV1 4QR

MAIN BANKER

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

AUDITOR

KPMG LLP
Statutory Auditor & Chartered Accountants
One Snow Hill
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 Football League Championship. This year showed some strong investment into developing the squad, and the appointment of a new Head Coach, Nuno Espirito Santo, resulted in a successful season, with the club gaining promotion as Champions of the EFL Championship, finishing on 99 points, 9 ahead of their nearest rival. The club have invested further in the squad and the supporting infrastructure and facilities throughout the summer and have made a promising start to life in the Premier League in 2018/19.

Turnover for the year reached £26.4m (2017: £23.7m), which is driven by improvements to match attendances, because of successful on pitch performance.

Season ticket numbers increased significantly to 21,233 by the end of the 2017/18 season (2017: 13,757) with our average league attendances increased to 28,298 compared to 21,572 in the prior year resulting in an increase of £1.3m in ticketing income.

Revenue was further increased through an increase of £0.6m in merchandising revenues, and £0.4m increase in corporate hospitality revenues. Such revenue increases more than offset the shortfall in prize money from the FA Cup run in 2016/17 season, which was not repeated in 2017/18.

Player trading in the year generated profit of £8.1m through disposal of players' registrations but this was outweighed by higher amortisation and impairment charges on player registrations of £16.1m, primarily driven by investments in the first team squad in recent years, including Neves, Costa, Cavaleiro and Saiss, resulting in a net Player Trading loss of £8.0m.

Operating costs increased in this period reflecting the restructuring costs of the new football management team as well as Including settlements costs of the outgoing management team, during this period of change.

Throughout the year, the Club was under the ownership of Fosun International Holdings Limited. Going forward, the aim for the Club is to establish themselves as a strong competitor in the Premier League, which will be achieved through continued application of the footballing philosophy applied throughout the 2017/18 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 promotion and a strong start in the Premier League, the directors consider prospects for the company to be excellent. At the time of signing the accounts, the Club is currently in the top half of the table, which is an extremely strong position to be in for a newly promoted Club.

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, 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 Solidarity Payments from the EFL in addition to the Basic Award.

As is the case with all professional football clubs under the realm of the EFL and 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. Two key events occurred in the year which had an adverse effect on the value of the pound, namely the continued impact of the EU Referendum in 2016, which both resulted in a drop in the value of the pound. 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.

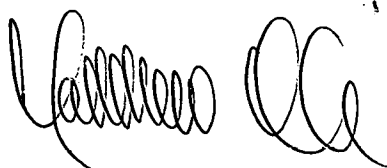
LIQUIDITY AND CASH FLOW RISK

A large part of the seasonal business is paid for ahead of fixtures taking place, through the 'Early Bird' schemes 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 sufficient 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
28 February 2019

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 2018.

POST BALANCE SHEET EVENTS

Details of post-year end trading are set out in note 21 to the financial statements.

DIVIDENDS AND RESERVES

The loss for the financial year of £55,149,000 has been debited to reserves (2017: £20,830,000 profit debited to reserves). The directors are unable to recommend payment of a dividend (2017: same).

DIRECTORS

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

J F Bowater
L E Dalrymple (resigned 6 June 2017)
J Gough
Y Shi
X Sun

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.

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.

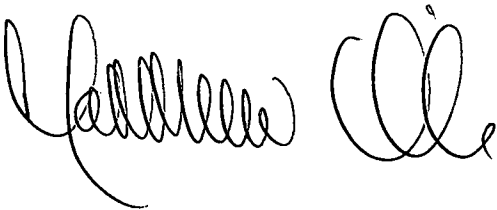
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

28 February 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.

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 2018 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 2018 and of its loss 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.

**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

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

28 February 2019

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

PROFIT AND LOSS ACCOUNT

	Note	Operations excluding player trading £'000	Player trading £'000	2018 £'000	2017 £'000
TURNOVER	3	26,400	-	26,400	23,740
Operating expenses	5	<u>(73,056)</u>	<u>(16,147)</u>	<u>(89,203)</u>	<u>(46,765)</u>
OPERATING LOSS		(46,656)	(16,147)	(62,803)	(23,025)
Profit on disposal of players' registrations	6	<u>-</u>	<u>8,123</u>	<u>8,123</u>	<u>2,219</u>
LOSS BEFORE NET FINANCING	6	<u>(46,656)</u>	<u>(8,024)</u>	<u>(54,680)</u>	<u>(20,806)</u>
Interest receivable and similar income				9	3
Interest payable and similar charges				<u>(478)</u>	<u>(27)</u>
LOSS BEFORE TAXATION				(55,149)	(20,830)
Tax on loss	7			<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR				<u>(55,149)</u>	<u>(20,830)</u>

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 2018

	Note	£'000	2018 £'000	2017 £'000
FIXED ASSETS				
Intangible assets	8		38,293	32,440
Tangible assets	9		3,800	2,712
			<u>42,093</u>	<u>35,152</u>
CURRENT ASSETS				
Stocks	10	125		170
Debtors (£44,344,000 due in more than 1 year)	11	54,753		46,897
Cash at bank and in hand		2,268		3,202
		<u>57,146</u>		<u>50,269</u>
CREDITORS: amounts falling due within one year	12	<u>(154,671)</u>		<u>(86,187)</u>
NET CURRENT LIABILITIES			<u>(97,525)</u>	<u>(35,918)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(55,432)</u>	<u>(766)</u>
CREDITORS: amounts falling due after more than one year	13		<u>(5,650)</u>	<u>(5,717)</u>
			<u>(61,082)</u>	<u>(6,483)</u>
PROVISION FOR LIABILITIES	15		<u>(1,290)</u>	<u>(740)</u>
NET LIABILITIES			<u><u>(62,372)</u></u>	<u><u>(7,223)</u></u>
CAPITAL AND RESERVES				
Called up share capital	16		3,000	3,000
Capital contribution reserve			26,830	26,830
Profit and loss account			<u>(92,202)</u>	<u>(37,053)</u>
SHAREHOLDER'S DEFICIT			<u><u>(62,372)</u></u>	<u><u>(7,223)</u></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 28 February 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 2018

	Called up share capital £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
At 1 June 2016	3,000	26,830	(16,223)	13,607
Loss for the financial year and total comprehensive income	-	-	(20,830)	(20,830)
At 31 May 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)

The accompanying notes form part of these financial statements.

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 May 2018

1. ACCOUNTING POLICIES

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

Basis of accounting

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.

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. This includes an overview of the club's financial position, its cash flows, liquidity position and borrowing facilities. In addition, there is a description of the club's policies and procedures to manage their principal risks and uncertainties.

Notwithstanding net current liabilities of £97,525,000 as at 31 May 2018 and a loss for the year then ended of £55,149,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 15 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Fosun International Ltd, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Fosun International Limited not seeking repayment of the amounts currently due to W.W. (1990) Limited, the immediate parent of the club, which at 31 May 2018 amounted to £75,000,000, and 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 15 month 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.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 15 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

1. ACCOUNTING POLICIES (CONTINUED)

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 15).

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%

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.

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

1. ACCOUNTING POLICIES (CONTINUED)

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.

(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.

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of assets (continued)

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

Defined contribution arrangements are made to eligible employees of the company. The pension cost charged in the year represents contributions payable by the company. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

Leases and hire purchase contracts

Rentals paid under operating leases are charged on a straight-line basis to the profit and loss account over the lease term, even if the payments are not made on such a basis.

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

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.

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.

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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.

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.

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.

Contingent appearance fee provisions

Provisions and contingent liabilities relating to player transfers include the directors' judgement of probable future events, such as the number of appearances made by players, which determine amounts that will become payable. Actual future costs may differ from the amounts provided.

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the balance sheet date, which have a significant 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.

3. TURNOVER

	2018	2017
	£'000	£'000
Gate receipts	7,841	6,545
Sponsorship and advertising	2,609	3,883
Broadcasting rights	1,070	1,090
Commercial	6,255	3,702
League distributions	6,914	6,940
Other turnover	1,711	1,580
	26,400	23,740

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 £110,000 (2017: £659,000) 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 (2017: two) as follows:

	2018	2017
	£'000	£'000
Director's remuneration		
Emoluments	110	637
Company contributions to money purchase pension schemes	-	22
	110	659

The number of directors who were members of a defined contribution scheme in the financial year was nil (2017: two).

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration of the highest paid director:

	2018	2017
	£'000	£'000
Emoluments	110	480
Company contributions to money purchase pension schemes	-	14
	<u>110</u>	<u>494</u>

	2018	2017
	No.	No.
Average number of persons employed (including directors)		
Playing staff	89	74
Non-playing staff	230	208
	<u>319</u>	<u>282</u>

Included in the above, is an average of 99 (2017: 88) members of staff who were employed on a part time basis.

	2018	2017
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	44,616	24,866
Social security costs	5,897	3,224
Pension costs	196	145
	<u>50,709</u>	<u>28,235</u>

5. OPERATING EXPENSES

	2018	2017
	£'000	£'000
Operating expenses comprise:		
Depreciation of owned assets (note 9)	693	668
Depreciation of leased assets (note 9)	11	12
Amortisation/impairment of players' registrations (note 8)	16,147	7,613
	<u>16,851</u>	<u>8,293</u>
Staff costs (note 4)	50,709	28,235
Other operating charges	21,643	10,237
	<u>89,203</u>	<u>46,765</u>

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):	2018 £'000	2017 £'000
Depreciation		
- owned assets	693	668
- leased assets	11	12
Amortisation of players' registrations	13,037	7,613
Provision for impairment of intangible assets	3,110	-
Cost of stock recognised as an expense	1,392	1,245
Release of contingent appearance fee provision	(402)	(505)
Profit on disposal of player registrations	(8,123)	(2,219)
Loss on disposal of fixed assets	3	-
Auditor's remuneration		
Audit fees: Annual audit of the company's financial statements	36	28
Non-audit fees – tax compliance services	13	84
Operating leases		
Hire of plant and machinery	26	25
Hire of assets other than plant and machinery	246	315
	<u> </u>	<u> </u>

7. TAX ON LOSS ON ORDINARY ACTIVITIES

The company has no tax charge arising due to the loss incurred in the year. The company has no liability for taxation in either the current or prior year due to the availability of tax losses. The company has tax losses remaining to carry forward of £73,831,000 (2017: £28,142,000).

The standard rate of tax applied to reported profit on ordinary activities is 19% (2017: 19.84%). The applicable tax rate changed to 20% from 1 April 2015. Finance (No.2) Act 2015 enacted further 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:

	2018 £'000	2017 £'000
Loss before tax	(55,149)	(20,830)
Tax on loss at standard rate of 19% (2017: 19.84%)	(10,478)	(4,133)
Factors affecting charge:		
Expenses not deductible for tax purposes	30	36
Effects of group relief/other reliefs	38	-
Deferred tax not recognised	10,602	4,101
Transfer pricing adjustment	(192)	(4)
Tax expense	<u> </u>	<u> </u>

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The potential deferred tax asset of £13,600,000 (2017: £5,839,000), 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 of the right classification generated in the future against which the losses may be offset.

	2018	2017
	£'000	£'000
Unutilised losses	12,551	4,784
Accelerated capital allowances	1,043	1,004
Other timing differences	6	51
	<u>13,600</u>	<u>5,839</u>

8. INTANGIBLE FIXED ASSETS

	Players'
	registrations
	£'000
Cost	
At 1 June 2017	44,181
Additions	24,573
Disposals	(6,810)
At 31 May 2018	<u>61,944</u>
Amortisation	
At 1 June 2017	11,741
Charge for the year	13,037
Provision for impairment	3,110
Disposals	(4,237)
At 31 May 2018	<u>23,651</u>
Net book value	
At 31 May 2018	<u>38,293</u>
At 31 May 2017	<u>32,440</u>

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

9. TANGIBLE FIXED ASSETS

	Motor vehicles £'000	Fixtures and fittings £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 June 2017	85	4,988	6,387	11,460
Additions	-	1,287	508	1,795
Disposals	-	-	(8)	(8)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2018	85	6,275	6,887	13,247
Accumulated depreciation				
At 1 June 2017	85	4,001	4,662	8,748
Charge for the year	-	252	452	704
Disposals	-	-	(5)	(5)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2018	85	4,253	5,109	9,447
Net book value				
At 31 May 2018	<hr/>	<hr/>	<hr/>	<hr/>
	-	2,022	1,778	3,800
At 31 May 2017	<hr/>	<hr/>	<hr/>	<hr/>
	-	987	1,725	2,712

Included within plant and equipment are assets held under finance lease with a net book value of £72,000 (2017: £83,000). The depreciation on these leased assets was £11,000 (2017: £12,000).

10. STOCKS

	2018 £'000	2017 £'000
Goods held for resale	125	170
	<hr/>	<hr/>

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

11. DEBTORS

	2018 £'000	2017 £'000
Trade debtors	1,112	566
Due from W.W. Group undertakings	44,456	42,396
Other debtors	6,960	2,552
Prepayments and accrued income	2,225	1,383
	<hr/>	<hr/>
	54,753	46,897
	<hr/>	<hr/>

All debtors are due within one year, other than debtors totalling £nil relating to transfer of player registrations (2017: £100,000), and amounts due from W.W. Group undertakings totalling £44,344,000 (2017: £42,284,000).

Debtors relating to player trading of £4,952,000 (2017: £1,555,000) are included in other debtors.

The amounts due from Group undertakings are repayable on demand but are deemed not current as repayment is not expected in the next 12 months. No interest is charged on this debtor.

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Amounts due on finance leases	23	20
Trade creditors	1,212	1,125
Loans due to W.W. Group undertakings	107,561	59,573
Other taxation and social security	2,529	1,602
Other creditors, accruals and deferred income	43,346	23,867
	<u>154,671</u>	<u>86,187</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) of £107,561,000 are repayable on demand. No interest is charged on this creditor.

Amounts payable in respect of player trading of £17,463,000 (2017: £17,359,000) are included within other creditors.

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

	2018	2017
	£'000	£'000
Amounts due on finance leases	4	26
Other creditors	5,646	5,691
	<u>5,650</u>	<u>5,717</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 £5,520,000 (2017: £5,656,000) are included within other creditors.

14. BORROWINGS

	2018	2017
	£'000	£'000
Bank overdraft		
Within one year	-	-
Due to W.W. Group undertakings:		
Within one year	107,561	59,573
Amounts due on finance leases:		
Within one year	23	20
In more than one year but not more than two years	4	20
In more than two years but not more than five years	-	6
	<u>107,588</u>	<u>59,619</u>
Total borrowings	107,588	59,619
Less cash at bank and in hand	(2,268)	(3,202)
	<u>105,320</u>	<u>56,417</u>
Net debt at 31 May 2018	105,320	56,417

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

15. PROVISIONS FOR LIABILITIES

	Contingent appearance fees £'000	Total £'000
Balance at 1 June 2017	740	740
Created in the year	1,399	1,399
Utilised in the year	(476)	(476)
Impact of foreign exchange retranslation/deemed finance expense	29	29
Released in the year	(402)	(402)
	<hr/>	<hr/>
Balance at 31 May 2018	1,290	1,290
	<hr/> <hr/>	<hr/> <hr/>

In addition, 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 £8,957,000 (2017: £11,610,000) at the balance sheet date.

16. CALLED UP SHARE CAPITAL AND RESERVES

	2018 £'000	2017 £'000
Allotted, called up and fully paid		
3,000,000 ordinary shares of £1 each	3,000	3,000
	<hr/> <hr/>	<hr/> <hr/>

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

The Company's reserves are as follows:

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.

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

17. FINANCIAL COMMITMENTS

Operating lease commitments

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

	2018 £'000	2017 £'000
Within one year	80	19
Between one and five years	20	71
	<u>100</u>	<u>90</u>

Capital commitments

	2018 £'000	2017 £'000
Contracted for but not provided		
- fixtures and fittings	3,321	419
- intangible assets	23,657	-
	<u>23,657</u>	<u>-</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. 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.

18. 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 £150,000 was attributable to Wolverhampton Wanderers Football Club (1986) Limited at 31 May 2018, resulting in an increase of contributions advised by the actuary.

Total costs relating to the defined contribution schemes in the year are £196,000 (2017: £145,000).

19. 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 on Fosun's website.

WOLVERHAMPTON WANDERERS FOOTBALL CLUB (1986) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 May 2018

20. 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.

21. 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 £2,018,000 (2017: £2,696,000). In addition, the company has acquired player registrations with a value of £109,650,000 (2017: £34,673,000) since the balance sheet date. Also, since the balance sheet date, the company has recognised a profit on sales of player registrations of £12,176,000 (2017: £7,327,000).