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THE ARSENAL FOOTBALL CLUB PLC

Directors

P.D. HILL-WOOD, Esq. (*Chairman*)

D.B. DEIN, Esq. (*Vice Chairman*)

Sir ROBERT BELLINGER, G.B.E., D.Sc.

Sir ROGER GIBBS

C.E.B.L. CARR, Esq.

R.C.L. CARR, Esq.

D.D. FISZMAN, Esq.

K.J. FRIAR, Esq. (*Managing*)

Secretary

K.J. FRIAR

Manager

B. RIOCH

Auditors

KIDSONS IMPEY

Chartered Accountants and Registered Auditors

Spectrum House, 20-26 Cursitor Street, London EC4A 1HY

Registrars

CI REGISTRARS LIMITED

Victoria Street, Luton

Bedfordshire LU1 2PZ

Registered Office

ARSENAL STADIUM

Avenell Road, Highbury, London N5 1BU



CHAIRMAN'S STATEMENT

The Directors have pleasure in submitting their 85th Annual Report to the members together with the Audited Accounts for the year ended 31st May 1995.

The highlight of the season was once again a European Cup Winners' Cup campaign which contained many memorable performances, not the least being a thrilling win on penalties against Sampdoria in the semi-final. It was a magnificent achievement to reach a second consecutive final, against Real Zaragoza in Paris, and only a last minute goal prevented our becoming the first Club to retain this trophy. All credit must be given to the players, management and staff for their performance throughout the campaign.

We would also like to thank the many thousands of our supporters who travelled throughout Europe, mainly without incident, for their good behaviour.

At home too, the level of support given to the Club, despite a disappointing domestic season, has been excellent. The average attendance at Highbury of 35,330 being bettered by only one other Premier League Club.

Our Youth Team finished 2nd in the South East Counties League and reached the final of the Southern Junior Floodlit Cup losing narrowly 3-2 to Wimbledon.

With transfer fees ever escalating, it is vitally important that our youth policy flourishes and much credit must go to Pat Rice, the Youth Team Manager, and our Youth Development Officer, Terry Murphy.

Finally on the subject of playing activities I must mention our Ladies team who repeated their remarkable success of 1993 by winning three trophies - League Champions, FA and League Cups - in the same season. Congratulations to them and to the team manager, Vic Akers.

I must now turn to events off the field which have made the past year one of the most difficult I have seen in my time as Chairman. In February the Board, having given full consideration to the report published by the FA Premier League Commission of Inquiry and to legal advice, made the decision to terminate Mr. George Graham's contract. Mr. Graham's record as a manager here was second to none - two Championships, three domestic Cups and the European Cup Winners' Cup having been won in the last eight years. Despite the events surrounding his departure, the Board and everyone at Highbury pays tribute to Mr. Graham for his achievements at Arsenal.

Stewart Houston served as "caretaker" manager from the date of Mr. Graham's departure until the end of the season and we thank him for his valuable contribution during this period. In June the Board appointed Mr. Bruce Rioch as team manager who joins us after a successful period at Bolton Wanderers FC and we wish him every future success.

During the year, Vince Bartram, Lee Harper, John Hartson, Glenn Helder and Chris Kiwomya joined the Club. In addition, since the year end we have made two notable signings in Dennis Bergkamp and David Platt, who join us from Inter Milan and Sampdoria respectively. These signings bring our net outlay on transfers for the year and the following period to a figure in excess of £12 million. I believe this figure more than demonstrates our commitment to compete at the highest level of the English game and to return quickly to the European competition for which we have developed quite an appetite over the last two seasons.

CHAIRMAN'S STATEMENT (continued)

To the players who have left us, Kevin Campbell, Jimmy Carter, Paul Davis, Alan Miller, Stefan Schwarz and Alan Smith, who has retired from football as a result of an injury, we extend our good wishes for their new careers and thank them for their contributions to the Club.

Our commitment to the safety and comfort of spectators continues and during the year the redevelopment of the South East Corner of the ground was completed. In addition, a new public address system for the Stadium was installed.

Turning to the accounts I am pleased to report a record profit, before taking account of transfer fees, of £6.84 million on turnover of £23.94 million. The retained profit for the year being £1.94 million.

Our retail and mail order operation continues to perform well and its contribution to the above results was a profit of £0.62 million on turnover of £3.59 million. A new warehouse facility is currently under construction to service this ever expanding part of our business.

We cannot be complacent about the record financial results of the last two years. For the 1995/96 year we will be without the benefits of European competition and its associated revenues; in addition, as previously mentioned, we have already incurred significant transfer expenditure and the wage bill for the playing staff is thus ever increasing. I continue to believe that a sound financial position is of fundamental importance to a Football Club and I am confident that Arsenal will continue to maintain such a position.

Finally, on behalf of the Board, I would like to thank the Club's main sponsors - JVC and Nike (UK) Limited - for their continued support and our dedicated and hard working staff, both on and off the field, for the contribution they have made to the Club during the year.

Peter Hill-Wood
CHAIRMAN

THE ARSENAL FOOTBALL CLUB PLC

DIRECTORS' REPORT

31st May 1995

The directors present their annual report and the audited financial statements of the company for the year ended 31st May 1995.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a professional football club and the related commercial activities.

PROFITS AND DIVIDENDS

The results for the year are set out on page 7 and are reviewed in the Chairman's Statement.

The directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The directors of the company at 31st May 1995, all of whom served throughout the year, together with details of their interests in the company's share capital, are set out below:-

	Ordinary Shares of £1 each	
	At 31st May 1995	At 31st May 1994
P.D. Hill-Wood	448	448
D.B. Dein	16,736	21,656
Sir Robert Bellinger, G.B.E., D.Sc.	712	712
Sir Roger Gibbs	200	200
C.E.B.L. Carr	4,120	4,120
R.C.L. Carr	10,257	10,257
K.J. Friar	200	200
D.D. Fiszman	15,200	10,709

Of the above interests in shares, Mr. D.B. Dein and Mr. D.D. Fiszman have an interest in the same 7,126 shares.

In accordance with the provisions of Article 90 of the Articles of Association D.B. Dein, Sir Robert Bellinger and D.D. Fiszman retire by rotation and, being eligible, offer themselves for re-election.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made donations for charitable purposes amounting to £7,340 (1994-£5,180).

FIXED ASSETS

The movements in fixed assets during the year are set out in the notes to the financial statements.

The directors are of the opinion that the market value of the company's land and buildings is greater than book value.

THE ARSENAL FOOTBALL CLUB PLC

DIRECTORS' REPORT (continued)

31st May 1995

PLAYERS

In accordance with previous practice and the accounting policy adopted for transfer fees as set out in the notes to the financial statements, no value is included in the balance sheet in respect of players. The directors acknowledge that this treatment is extremely conservative, in view of the significant potential transfer value of the playing staff. Nevertheless, the directors consider it inappropriate at the present time to place a value on this particular asset.

DIRECTORS' RESPONSIBILITIES

We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company, and of the profit or loss of the company for that period.

In preparing these financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether accounting standards have been followed, and give details of any departures; and
- prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets; and
- taking reasonable steps for the prevention and detection of fraud.

AUDITORS

Kidsons Impey have agreed to offer themselves for re-election as auditors of the company.

By order of the board

K.J. Friar

Secretary



Registered Office:

Arsenal Stadium,
Avenell Road,
Highbury,
London N5 1BU.

13th July 1995

THE ARSENAL FOOTBALL CLUB PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MAY 1995

	Note	1995	1994
		£	£
TURNOVER	2	23,935,627	21,471,680
Costs and overheads less other income	3	<u>(17,090,969)</u>	<u>(14,951,737)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TRANSFER FEES		6,844,658	6,519,943
Transfer fees	4	<u>(4,903,676)</u>	<u>(889,588)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,940,982	5,630,355
Taxation	7	<u>(31,418)</u>	<u>(1,596,226)</u>
PROFIT AFTER TAXATION RETAINED FOR THE FINANCIAL YEAR	15	<u><u>1,909,564</u></u>	<u><u>4,034,129</u></u>

All trading resulted from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1995	1994
	£	£
Profit for the financial year	1,909,564	4,034,129
Donation received	<u>70,000</u>	<u>-</u>
	<u><u>1,979,564</u></u>	<u><u>4,034,129</u></u>

The notes on pages 10 to 17 form part of these financial statements.

THE ARSENAL FOOTBALL CLUB PLC

BALANCE SHEET 31st MAY 1995

	Note	1995	1994
		£	£
FIXED ASSETS			
Tangible assets	8	28,379,108	28,478,922
CURRENT ASSETS			
Stocks	9	450,256	243,137
Debtors	10	3,225,882	3,537,964
Cash at bank and in hand		<u>4,879,437</u>	<u>5,826,491</u>
		8,555,575	9,607,592
CREDITORS			
Amounts falling due within one year	11	<u>(7,597,728)</u>	<u>(9,863,457)</u>
NET CURRENT ASSETS/(LIABILITIES).....		<u>957,847</u>	<u>(255,865)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES.....		29,336,955	28,223,057
CREDITORS			
Amounts falling due after more than one year	12	<u>(17,027,834)</u>	<u>(17,893,500)</u>
NET ASSETS.....		<u>12,309,121</u>	<u>10,329,557</u>
EQUITY CAPITAL AND RESERVES			
Called up equity share capital	14	56,000	56,000
Share premium account	15	237,201	237,201
Building reserve	15	916,000	846,000
Profit and loss account	15	<u>11,099,920</u>	<u>9,190,356</u>
EQUITY SHAREHOLDERS' FUNDS.....		<u>12,309,121</u>	<u>10,329,557</u>

The financial statements on pages 7 to 17 were approved by the board of directors on 13th July 1995.

On behalf of the board

P.D. HILL-WOOD)

D.B. DEIN)

Directors

P.D. Hill-Wood

D.B. Dein

The notes on pages 10 to 17 form part of these financial statements.

THE ARSENAL FOOTBALL CLUB PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MAY 1995

	1995	1994
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES.....	5,197,858	6,600,632
CASH OUTFLOW IN RESPECT OF TRANSFERS		
Payments for purchase of players.....	(5,003,917)	(3,628,333)
Receipts from sale of players.....	1,445,119	1,682,287
Exceptional item (note 4).....	<u>482,205</u>	<u>-</u>
	(3,076,593)	(1,946,046)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest received	279,806	213,073
TAXATION		
Corporation tax paid.....	(1,866,418)	(112,226)
INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets.....	(1,568,217)	(7,618,646)
Receipts from sale of plant and machinery	<u>16,510</u>	<u>9,500</u>
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(1,551,707)	(7,609,146)
NET CASH (OUTFLOW) BEFORE FINANCING	(1,017,054)	(2,853,713)
FINANCING		
Debenture subscriptions.....	-	4,675,400
Donation received	<u>70,000</u>	<u>-</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS.....	<u>(947,054)</u>	<u>1,821,687</u>

See note 20 for further details.

The notes on pages 10 to 17 form part of these financial statements.

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1995

1. PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost accounting rules and in accordance with the applicable accounting standards, except as stated below.

TURNOVER

Turnover represents income from football and related activities.

DEPRECIATION

Depreciation is calculated to write off the cost of plant, equipment, motor vehicles and certain freehold improvements included in freehold property in equal annual instalments over their estimated useful lives at rates ranging from 7 to 25 per cent.

Leasehold properties are depreciated over the period of the leases in equal annual instalments.

Statement of Standard Accounting Practice Number 12 requires that provision be made for depreciation of fixed assets having a finite useful life. However, it is company policy to maintain freehold property in such condition that its value is not diminished by the passage of time and the related maintenance expenditure is charged to the profit and loss account in the year it is incurred. Therefore any element of depreciation is considered to be immaterial and no provision is made.

STOCKS

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

TRANSFER FEES

Transfer fees are charged or credited to the profit and loss account in the year in which they are contracted.

Where the transfer contract specifies that additional fees are due, contingent on a player achieving a specified number of appearances for his new club, these additional fees are charged or credited to the profit and loss account in the year they fall due.

SIGNING ON FEES

The terms of contract of the company's playing staff provide for the payment of signing on fees payable over the duration of the contract term. Signing on fees are charged to the profit and loss account at their due dates and are included within wages and salaries.

DEFERRED INCOME

Deferred income represents licence fees for executive boxes which are credited to the profit and loss account over the period of the licence, income from sponsorship agreements which is credited to the profit and loss account over the period of the agreement and season ticket renewals for the 1995/96 season.

LEASES

Rentals payable under operating leases are charged to the profit and loss account in the period in which they fall due.

GRANTS

Grants received are matched with the related expenditure and the amount of the grant is deducted from the cost of the related asset. The directors believe that this is a fairer presentation of the facts than the accounting treatment recommended in Statement of Accounting Practice Number 4 (Revised).

PENSIONS

The company makes contributions on behalf of employees and directors to a number of independently controlled pension funds. Contributions are charged to the profit and loss account over the period to which they relate.

DEFERRED TAX

No provision has been made for deferred tax on the basis that the potential liability is not likely to crystallise in the foreseeable future. Details of the amount of deferred tax not provided are shown in note 13 of the financial statements.

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS - 31st MAY 1995 (continued)

	1995	1994
2. TURNOVER	£	£
Turnover comprises the following:		
Gate receipts	10,990,045	9,063,470
Broadcasting, advertising and other commercial activities	12,933,082	12,317,860
Prize money	12,500	90,350
	<u>23,935,627</u>	<u>21,471,680</u>
3. COSTS AND OVERHEADS LESS OTHER INCOME		
Employment costs	8,901,469	7,742,004
Depreciation	1,119,876	859,712
Other operating charges	7,349,430	6,563,094
Interest receivable	(279,806)	(213,073)
	<u>17,090,969</u>	<u>14,951,737</u>
Other operating charges include:-		
(Profit) on disposal of fixed assets	(3,617)	(9,500)
Auditors' remuneration - audit	19,750	19,000
- non-audit services	56,500	30,900
Operating lease payments - plant and machinery	19,821	25,698
- other	<u>183,305</u>	<u>174,078</u>
4. TRANSFER FEES		
Transfer fees payable	5,828,880	2,813,253
Transfer fees receivable	(442,999)	(1,923,665)
Exceptional item	(482,205)	-
	<u>4,903,676</u>	<u>889,588</u>
The exceptional item represents monies paid to the company during the year by the club's former manager.		
5. DIRECTORS' EMOLUMENTS		
Management remuneration including pension contributions	295,763	276,039
Remuneration, excluding pension contributions, of the Chairman	-	-
Remuneration, excluding pension contributions, of the highest paid director	<u>136,614</u>	<u>110,219</u>
The number of other directors whose emoluments were within the following ranges was:		
	Number	Number
£ Nil	5	5
£105,001 - £110,000	-	1
£120,001 - £125,000	<u>1</u>	<u>-</u>

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS - 31st MAY 1995 (continued)

6. EMPLOYEES

	1995 Number	1994 Number
The average number of persons employed by the company during the year was:		
Playing staff.....	53	52
Training staff.....	11	12
Administrative staff.....	59	54
Ground staff.....	9	10
	<u>132</u>	<u>128</u>
Staff costs:	£	£
Wages and salaries.....	7,708,735	6,786,188
Social security costs.....	656,654	602,877
Other pension costs.....	536,080	352,939
	<u>8,901,469</u>	<u>7,742,004</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

United Kingdom corporation tax based on the profit for the year at 33% (1994 - 33%).....	460,000	1,650,000
Adjustment in respect of prior years.....	(428,582)	(53,774)
	<u>31,418</u>	<u>1,596,226</u>

The adjustment in respect of prior years results from the agreement of tax allowances attributable to the stadium development.

8. TANGIBLE FIXED ASSETS

	<i>Freehold Properties</i> £	<i>Short Leasehold Properties</i> £	<i>Plant and Equipment</i> £	<i>Motor Vehicles</i> £	<i>Total</i> £
Cost at 1st June 1994	24,969,228	710,775	5,101,881	99,008	30,880,892
Additions	712,318	18,611	296,896	38,380	1,066,205
Disposals	-	-	-	(69,580)	(69,580)
At 31st May 1995	<u>25,681,546</u>	<u>729,386</u>	<u>5,398,777</u>	<u>67,808</u>	<u>31,877,517</u>
Depreciation					
At 1st June 1994	599,198	274,028	1,461,558	67,186	2,401,970
Charge for year	468,586	81,689	556,704	12,897	1,119,876
Disposals	-	-	-	(23,437)	(23,437)
At 31st May 1995	<u>1,067,784</u>	<u>355,717</u>	<u>2,018,262</u>	<u>56,646</u>	<u>3,498,409</u>
Net Book Amount					
At 31st May 1995	<u>24,613,762</u>	<u>373,669</u>	<u>3,380,515</u>	<u>11,162</u>	<u>28,379,108</u>
At 31st May 1994	<u>24,370,030</u>	<u>436,747</u>	<u>3,640,323</u>	<u>31,822</u>	<u>28,478,922</u>

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS - 31st MAY 1995 (continued)

8. TANGIBLE FIXED ASSETS (continued)

Grants received from The Football Trust during the year totalling £41,686 have been deducted from the cost of fixed assets in line with the company's accounting policy set out in note 1.

At 31st May 1995 the company had the following capital commitments:-

	1995 £	1994 £
Authorised and contracted for.....	576,000	435,000
Authorised but not contracted for.....	-	580,000

9. STOCKS

Goods for resale.....	450,256	243,137
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10. DEBTORS

Trade debtors.....	861,488	930,275
Other debtors.....	2,109,058	2,351,438
Prepayments and accrued income.....	83,336	256,251
Corporation tax recoverable.....	172,000	-
	<u>3,225,882</u>	<u>3,537,964</u>

Other debtors include £195,000 (1994 - £258,000) receivable in more than one year in respect of executive box licences being paid on an instalment basis.

11. CREDITORS: Amounts falling due within one year

Trade creditors.....	166,176	107,735
Corporation tax.....	490,000	2,153,000
Other tax and social security.....	1,007,432	1,405,341
Other creditors.....	1,676,024	715,545
Accruals and deferred income.....	4,258,096	5,481,836
	<u>7,597,728</u>	<u>9,863,457</u>

12. CREDITORS: Amounts falling due after more than one year

Debenture subscriptions.....	14,437,500	14,437,500
Other creditors.....	1,250,000	1,750,000
Deferred income.....	1,340,334	1,706,000
	<u>17,027,834</u>	<u>17,893,500</u>

The debenture subscriptions have been applied in the redevelopment of the Highbury Stadium. Under the issue terms the debentures are repayable at par after 150 years. The debentures are interest free.

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS - 31st MAY 1995 (continued)

13. DEFERRED TAXATION	1995 £	1994 £
Unprovided deferred taxation		
Corporation tax deferred by accelerated capital allowances.....	975,000	805,000
Other timing differences.....	(48,000)	(102,000)
	<u>927,000</u>	<u>703,000</u>

14. CALLED UP EQUITY SHARE CAPITAL		
AUTHORISED		
Ordinary shares of £1 each.....	<u>56,000</u>	<u>56,000</u>
ALLOTTED, ISSUED AND FULLY PAID		
Ordinary shares of £1 each.....	<u>56,000</u>	<u>56,000</u>

15. SHARE PREMIUM AND OTHER RESERVES

	<i>Share Premium Account</i> £	<i>Building Reserve</i> £	<i>Profit and Loss Account</i> £	<i>Total</i> £
Balance at 31st May 1994.....	237,201	846,000	9,190,356	10,273,557
Profit for the year.....	-	-	1,909,564	1,909,564
Donation received.....	-	70,000	-	70,000
Balance at 31st May 1995.....	<u>237,201</u>	<u>916,000</u>	<u>11,099,920</u>	<u>12,253,121</u>

16. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS

	1995 £	1994 £
Opening equity shareholders' funds.....	10,329,557	6,295,428
Retained profit for the financial year.....	1,909,564	4,034,129
Donation received.....	70,000	-
Closing equity shareholders' funds.....	<u>12,309,121</u>	<u>10,329,557</u>

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS - 31st MAY 1995 (continued)

17. LEASING COMMITMENTS

Commitments due under operating leases for the period to 31st May 1996 are:-

	1995		1994	
	<i>Land and Buildings</i>	<i>Other</i>	<i>Land and Buildings</i>	<i>Other</i>
	£	£	£	£
Leases expiring in:-				
One year	24,500	18,000	-	-
Two to five years	95,000	-	137,000	18,000
Over five years	40,000	-	40,000	-
	<u>159,500</u>	<u>18,000</u>	<u>177,000</u>	<u>18,000</u>

18. CONTINGENCIES

(a) Under the conditions of certain transfer agreements in respect of players purchased, further transfer fees will be payable to the vendors in the event of the players concerned making a certain number of First Team appearances. In accordance with the company's accounting policy for transfer fees any additional fees, which may be payable under these agreements, will be charged to the profit and loss account in the year that the number of appearances is achieved. Accordingly no provision has been made in these financial statements in respect of potential liabilities in this respect. It is not practical to quantify the company's future liabilities in relation to appearance payments as the future performance of the players concerned cannot be forecast with any certainty.

(b) An ex-player is pursuing a legal claim against the company for failing to insure him personally against injury resulting in the early termination of his playing career. The company is vigorously defending this claim and it is not considered that any material liability will arise. Accordingly no provision has been made in these financial statements.

19. POST BALANCE SHEET EVENTS

Since the end of the financial year the company has contracted for the purchase and sale of various players.

The net cost of these transfers, taking account of the applicable levies but excluding Value Added Tax, is approximately £7.5 million.

In accordance with the accounting policy for transfers set out in note 1 these transfers will be charged / credited to the profit and loss account in the year ended 31st May 1996.

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS - 31st MAY 1995 (continued)

	1995 £	1994 £	
20. CASH FLOW STATEMENT			
(a) Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit.....	6,564,852	6,306,870	
Depreciation.....	1,119,876	859,712	
(Profit) on fixed asset disposal.....	(3,617)	(9,500)	
(Increase)/decrease in stock.....	(207,119)	9,482	
(Increase)/decrease in debtors.....	(280,501)	451,684	
(Decrease) in creditors.....	(1,995,633)	(978,600)	
(Decrease) in creditors (exceptional).....	-	(39,016)	
Net cash inflow from operating activities	<u>5,197,858</u>	<u>6,600,632</u>	
Profit on ordinary activities before transfer fees.....	6,844,658	6,519,943	
Interest receivable.....	(279,806)	(213,073)	
Operating profit.....	<u>6,564,852</u>	<u>6,306,870</u>	
(b) Analysis of changes in cash and cash equivalents during the year			
At 1st June 1994.....	5,826,491	4,004,804	
Net cash inflow.....	<u>(947,054)</u>	<u>1,821,687</u>	
At 31st May 1995.....	<u>4,879,437</u>	<u>5,826,491</u>	
(c) Analysis of balances of cash and cash equivalents as shown in the balance sheet			
	1995 £	1994 £	Change in year £
Cash at bank and in hand.....	4,879,437	5,826,491	(947,054)

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS - 31st MAY 1995 (continued)

CASH FLOW STATEMENT (continued)

(d) Analysis of changes in financing during the year

	Building Reserve £	Share capital (including premium) £	Debenture loan £	Total £
Balance at 31st May 1994.....	846,000	293,201	14,437,500	15,576,701
Cash inflow from financing...	70,000	-	-	70,000
Balance at 31st May 1995.....	<u>916,000</u>	<u>293,201</u>	<u>14,437,500</u>	<u>15,646,701</u>

	Building Reserve £	Share capital (including premium) £	Debenture loan £	Total £
Balance at 31st May 1993.....	846,000	293,201	9,762,100	10,901,301
Cash inflow from financing...	-	-	4,675,400	4,675,400
Balance at 31st May 1994.....	<u>846,000</u>	<u>293,201</u>	<u>14,437,500</u>	<u>15,576,701</u>

THE ARSENAL FOOTBALL CLUB PLC

AUDITORS' REPORT

31st May 1995

Auditors' report to the members of The Arsenal Football Club plc

We have audited the financial statements on pages 7 to 17 which have been prepared under the accounting policies set out on page 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 6 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

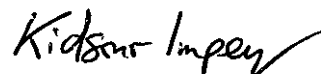
BASIS OF OPINION

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st May 1995 and of its profit for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey

Registered Auditors

Chartered Accountants

London

13th July 1995

THE ARSENAL FOOTBALL CLUB PLC

PLAYING RECORD SUMMARY - SEASON 1994-95

FIRST TEAM

		F.A. PREMIER LEAGUE						
		P	W	D	L	F	A	Pts.
HOME		21	6	9	6	27	21	27
AWAY		21	7	3	11	25	28	24
		42	13	12	17	52	49	51

Final Position: 12th

F.A. CHALLENGE CUP			
Round 3		v MILLWALL (A)	DREW 0-0
Round 3	(Replay)	v MILLWALL (H)	LOST 0-2

COCA COLA CUP			
Round 2	(1st Leg)	v HARTLEPOOL (A)	WON 5-0
Round 2	(2nd Leg)	v HARTLEPOOL (H)	WON 2-0
Round 3		v OLDHAM ATHLETIC (A)	DREW 0-0
Round 3	(Replay)	v OLDHAM ATHLETIC (H)	WON 2-0
Round 4		v SHEFFIELD WEDNESDAY (H)	WON 2-0
Round 5		v LIVERPOOL (A)	LOST 0-1

EUROPEAN CUP WINNERS CUP			
Round 1	(1st Leg)	v OMONIA NICOSIA (A)	WON 3-1
Round 1	(2nd Leg)	v OMONIA NICOSIA (H)	WON 3-0
Round 2	(1st Leg)	v BRONDBY (A)	WON 2-1
Round 2	(2nd Leg)	v BRONDBY (H)	DREW 2-2
Q/F	(1st Leg)	v AUXERRE (H)	DREW 1-1
Q/F	(2nd Leg)	v AUXERRE (A)	WON 1-0
S/F	(1st Leg)	v SAMPDORIA (H)	WON 3-2
S/F	(2nd Leg)	v SAMPDORIA (A)	LOST 2-3
Final		v REAL ZARAGOZA Paris	(won on penalties) LOST 1-2 A.E.T.

RESERVE TEAM

		FOOTBALL COMBINATION						
		P	W	D	L	F	A	Pts.
HOME		19	5	8	6	30	28	23
AWAY		19	6	6	7	31	41	24
		38	11	14	13	61	69	47

Final Position: 14th

YOUTH TEAM

		SOUTH EAST COUNTIES LEAGUE						
		P	W	D	L	F	A	Pts.
HOME		15	11	0	4	42	17	22
AWAY		15	7	3	5	30	22	17
		30	18	3	9	72	39	39

Final Position: 2nd

F.A. YOUTH CUP			
Round 2		v BRIGHTON & HOVE ALBION (H)	WON 5-0
Round 3		v QUEENS PARK RANGERS (A)	WON 2-0
Round 4		v MANCHESTER UNITED (A)	LOST 1-2

SOUTHERN JUNIOR FLOODLIT CUP			
Round 1		v GILLINGHAM (H)	WON 1-0
Round 2		v SOUTHAMPTON (H)	DREW 1-1
Round 2	(Replay)	v SOUTHAMPTON (A)	WON 5-0
Round 3		v WATFORD (H)	DREW 1-1
Round 3	(Replay)	v WATFORD (A)	WON 2-1 A.E.T.
S/F		v PORTSMOUTH (H)	WON 1-0
FINAL	(1st Leg)	v WIMBLEDON (H)	DREW 2-2
FINAL	(2nd Leg)	v WIMBLEDON (A)	LOST 0-1

SOUTH EAST COUNTIES LEAGUE CUP			
Round 1		v CHARLTON ATHLETIC (H)	LOST 0-1

THE ARSENAL FOOTBALL CLUB PLC

NOTICE IS HEREBY GIVEN that the Eighty Fifth Annual General Meeting of the shareholders of The Arsenal Football Club plc will be held at the Arsenal Stadium, Avenell Road, Highbury, London N5 1BU on Thursday 24th August, 1995 at 12 noon precisely when the following ordinary business will be transacted, viz.:

1. To receive the Directors' Report and Statement of Accounts and the Auditors' Report thereon for the year ended 31st May, 1995.
2. To re-elect Directors.
3. To re-appoint the Auditors and to authorise the Directors to fix their remuneration.
4. To transact any other ordinary business of the meeting.

Dated this
13th day of July, 1995

By Order of the Board.
K.J. FRIAR.
Secretary.

Registered Office:
Arsenal Stadium,
Avenell Road,
Highbury,
London N5 1BU.

Note: A member of the Company who is entitled to attend and vote may appoint another person (whether a member or not) as his proxy to attend and vote instead of him.

A form of proxy is enclosed with this annual report for the use of members who are unable to attend the meeting and should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

Admission to the meeting will be upon production of an admission card only and any person attending as a proxy (whether a member of not) must produce the admission card.