

Company Registration No. 4053669

ARSENAL BROADBAND LIMITED

Annual report and financial statements

Year ended 31 May 2022



**ARSENAL BROADBAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS 2022**

CONTENTS	Page
Officers and professional advisors	2
Directors' report	3-4
Independent auditor's report	5-7
Profit and loss account, Statement of comprehensive income, Statement of changes in equity	8
Balance sheet	9
Notes on financial statements	10-16

DIRECTORS

V. Venkatesham
M. Hutchings

SECRETARY

S. Wisely

REGISTERED OFFICE

Highbury House
75 Drayton Park
London
N5 1BU

AUDITOR

Deloitte LLP
Statutory Auditor
London
United Kingdom

ARSENAL BROADBAND LIMITED DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 May 2022. The Directors' Report has been prepared in accordance with the provisions relating to small companies under s415A of the Companies Act 2006. The exemption available for the requirement to prepare a Strategic Report has been taken in accordance with s414B of the Companies Act 2006.

Principal activity

The Company's principal activity is the operation of the official Arsenal Football Club internet portal, Arsenal.com.

Going concern

The Company, which is a joint venture, within the Arsenal Holdings Limited group, is reliant on Arsenal Football Club plc, which has a 50% shareholding in the Company, for its continued financial support. The Company has received written confirmation from Arsenal Football Club plc undertaking that sufficient funds will be provided to finance the operations of the Company for the foreseeable future and the Directors have considered the ability of Arsenal Football Club plc, which is underpinned by the financial support of the Arsenal Group's ultimate parent company, KSE UK Inc., which also has a 50% shareholding in the Company, to be able to provide this support. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and the financial statements continue to be prepared on the going concern basis.

Financial Risk Management

The Company's financial instruments comprise mainly of cash and bank balances, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations. The main risk arising from the Company's financial instruments are liquidity and foreign currency risks and the Board reviews and agrees its policy for managing these risks.

The Company does not hold or issue derivative financial instruments for speculative purposes.

Results and Dividend

The results for the year are set out on page 8. The Company incurred a loss for the year ended 31 May 2022 of £3.0 million (2021 - £2.7 million). The Directors did not pay or declare a dividend for the year (2021: £nil).

Directors

The Directors who held office from 1 June 2021 to the date of this report were as follows:

V. Venkatesham
M. Hutchings

None of the Directors has any beneficial interest in the ordinary share capital of the Company. None of the Directors had any interest either during or at the end of the year in any material contract or arrangement with the Company.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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; and

ARSENAL BROADBAND LIMITED DIRECTORS' REPORT (continued)

Directors' responsibilities (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's 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.

Auditor

The Company has elected to dispense with the obligation to appoint its auditor annually and, accordingly, Deloitte LLP are deemed to continue as auditor.

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



S. Wisely
Company Secretary
21 February 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARSENAL BROADBAND LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Arsenal Broadband Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 May 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARSENAL BROADBAND LIMITED (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARSENAL BROADBAND LIMITED (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management & external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

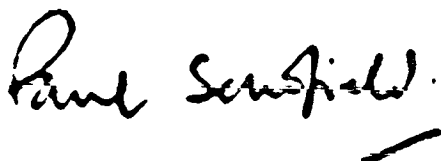
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 respect of these matters.

Use of our report

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.



Paul Schofield FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London

22 February 2023

ARSENAL BROADBAND LIMITED
PROFIT AND LOSS ACCOUNT
Year ended 31 May 2022

		2022	2021
	Note	£000	£000
Turnover		911	1,094
Cost of sales		(1,633)	(1,599)
Gross (loss)		(722)	(505)
Administrative expenses		(2,352)	(2,202)
Operating loss		(3,074)	(2,707)
Finance charges (net)	4	(2)	6
(Loss) before taxation	2	(3,076)	(2,701)
Taxation	5	73	23
Retained (loss) for the financial year		(3,003)	(2,678)

All turnover and profits are derived from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 May 2022

	2022	2021
	£000	£000
Loss after taxation	(3,003)	(2,678)
Total comprehensive expense	(3,003)	(2,678)

STATEMENT OF CHANGES IN EQUITY
Year ended 31 May 2022

	Share Capital	Share Premium	Profit and Loss	Total
	£000	£000	£000	£000
At 1 June 2020	25,000	15,000	(30,021)	9,979
Total comprehensive expense for the year ended 31 May 2021	-	-	(2,678)	(2,678)
At 1 June 2021	25,000	15,000	(32,699)	7,301
Total comprehensive expense for the year ended 31 May 2022	-	-	(3,003)	(3,003)
At 31 May 2022	25,000	15,000	(35,702)	4,298

ARSENAL BROADBAND LIMITED
BALANCE SHEET
As at 31 May 2022

		2022	2021
	Note	£000	£000
Fixed assets			
Intangible assets	6	-	-
Tangible assets	7	716	634
		<u>716</u>	<u>634</u>
Current assets			
Debtors	8	5,173	7,981
Cash at bank and in hand		203	41
		<u>5,376</u>	<u>8,022</u>
Creditors: amounts falling due within one year	10	(1,794)	(1,355)
Net current assets		<u>3,582</u>	<u>6,667</u>
Net assets		<u>4,298</u>	<u>7,301</u>
Capital and reserves			
Called up share capital	11	25,000	25,000
Share premium account		15,000	15,000
Profit and loss account		(35,702)	(32,699)
Shareholders' funds		<u>4,298</u>	<u>7,301</u>

The accounts have been prepared in accordance with provisions applicable to companies subject to the small companies regime. These financial statements of Arsenal Broadband Limited (registered number 4053669) were approved and authorised for issue by the Board of Directors on 21 February 2023.

Signed on behalf of the Board of Directors



V Venkatesham
Director

ARSENAL BROADBAND LIMITED
NOTES ON THE FINANCIAL STATEMENTS
Year ended 31 May 2022

1. Accounting policies

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

General Information and Basis of Accounting

Arsenal Broadband Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemption available to it in respect of its separate financial statements in relation to intra group transactions and remuneration of key management personnel and financial instruments.

Cash flow statement

As a small company, FRS 102 Section 3.1B allows for the entity to take exemption from the requirements of preparing a statement of cash flows. Accordingly, no cash flow statement is required.

Going concern

The Company is reliant on Arsenal Football Club plc, which has a 50% shareholding in the Company, for its continued financial support. The Company has received written confirmation from Arsenal Football Club plc undertaking that sufficient funds will be provided to finance the operations of the Company for the foreseeable future and the Directors have considered the ability of Arsenal Football Club plc, which is underpinned by the financial support of the Arsenal Group's ultimate parent company, KSE UK Inc., which also has a 50% shareholding in the Company, to be able to provide this support. Accordingly, the financial statements have been prepared on a going concern basis.

Intangible fixed assets and amortisation

Rights purchased by the Company are amortised to nil over a period of 20 years. Any impairment charges are included within operating profits.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their useful economic lives as follows:

- Software depreciated over three years
- Equipment depreciated over five years

Turnover

Turnover all of which originates in the UK and Overseas represents monies earned in the period gross of commission's payable and excluding value added tax from the operation of the Arsenal Football Club official website, the Arsenal Football Club on demand online video service and related activities such as distribution of international Arsenal TV programming rights.

ARSENAL BROADBAND LIMITED
NOTES ON THE FINANCIAL STATEMENTS
Year ended 31 May 2022

1. Turnover (continued)

Sponsorship, advertising, and similar income are recognised evenly over the period to which they relate.

Taxation

Current tax, including UK corporation 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is recognised only when, on the basis of available evidence, it can be regarded as more likely than not that the reversal of underlying timing differences will result in a reduction in future tax payments.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency assets and liabilities held at the year end are translated at year-end exchange rates or the exchange rate of a related forward exchange contract where appropriate. Exchange gains or losses are dealt with in the profit and loss account.

Derivative financial instruments

Derivative financial instruments (including forward foreign exchange contracts) are recognised at fair value. The Company's foreign exchange contracts do not qualify for hedge accounting.

Pensions

The Company makes contributions on behalf of employees to a number of independently controlled defined contribution and money purchase schemes including The Football League Pension and Life Assurance Scheme. Contributions are charged to the profit and loss account over the period to which they relate.

Critical accounting judgements and estimates

In the application of the Company's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

ARSENAL BROADBAND LIMITED
NOTES ON THE FINANCIAL STATEMENTS
Year ended 31 May 2022

1. Accounting policies (continued)

Critical accounting judgements in applying the Company's accounting policies

There were no critical judgements apart from those involving estimations, which are dealt with separately below, which the Directors have made in the process of applying the Company's accounting policies and which would have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Economic life of intangible and tangible fixed assets

The depreciation rates allocated to intangible and tangible fixed assets are based on estimates of the useful lives of the applicable assets.

2. Loss before taxation

The loss before taxation is stated after charging:

	2022	2021
	£000	£000
Auditor's remuneration - audit of the company's financial statements	13	12
- tax services	-	-
Depreciation of tangible fixed assets	444	498
	<u>457</u>	<u>510</u>

3. Directors' remuneration, staff numbers and costs

The Directors of the Company received no remuneration in respect of services to the company during the year (2021: £nil).

The average number of persons employed by the Company (including all Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Directors	2	2
Admin staff	27	29
	<u>29</u>	<u>31</u>

	2022	2021
	£000	£000
The aggregate remuneration comprised:		
Wages and salaries	1,167	1,284
Social security costs	114	153
Other pension costs	67	113
	<u>1,348</u>	<u>1,550</u>

ARSENAL BROADBAND LIMITED
NOTES ON THE FINANCIAL STATEMENTS
Year ended 31 May 2022

4. Finance charges (net)

	2022	2021
	£000	£000
Exchange differences	(2)	6

5. Taxation

	2022	2021
	£000	£000
Current tax		
Current tax at 19 % (2021 – 19%)	-	-
Total corporation tax	-	-
Deferred tax (see note 9)		
Impact of change in tax rate	(66)	-
Origination and reversal of timing differences	(7)	(23)
Total deferred tax credit	(73)	(23)
Total tax on loss on ordinary activities	(73)	(23)

The Company's deferred tax liabilities have been valued based on the tax rates that are expected to apply in the periods in which the underlying timing differences are predicted to reverse. The main rate of UK corporation tax is scheduled to increased from 19% to 25% from April 2023.

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

	2022	2021
	£000	£000
(Loss) before tax	(3,076)	(2,701)
Tax on loss at standard UK corporation tax rate of 19% (2021 – 19%)	(584)	(513)
Effects of:		
Expenses not deductible	-	14
Impact of change in tax rate on deferred tax balances	(66)	-
Over provision in respect to previous years	-	-
Tax losses not recognised	577	476
Total tax	(73)	(23)

Tax losses are surrendered or claimed from other group companies for nil consideration.

ARSENAL BROADBAND LIMITED
NOTES ON THE FINANCIAL STATEMENTS
Year ended 31 May 2022

6. Intangible assets

	Licences, trademarks and similar rights and assets £000
Cost	
At 1 June 2021 and 31 May 2022	40,000
Amortisation	
At 1 June 2021 and 31 May 2022	40,000
Net book value	
At 31 May 2022	-
At 31 May 2021	-

7. Tangible asset

	Equipment £000	Computer software £000	Total £000
Cost			
At 1 June 2021	2,156	3,386	5,542
Purchased in the year	67	459	526
At 31 May 2022	2,223	3,845	6,068
Depreciation			
At 1 June 2021	2,079	2,829	4,908
Charged in year	93	351	444
At 31 May 2022	2,172	3,180	5,352
Net book value			
At 31 May 2022	51	665	716
At 31 May 2021	77	557	634

ARSENAL BROADBAND LIMITED
NOTES ON THE FINANCIAL STATEMENTS
Year ended 31 May 2022

8. Debtors	2022 £000	2021 £000
Trade debtors	68	386
Amount owed by Arsenal Group companies	4,652	7,191
Deferred taxation (see note 9)	276	203
Prepayments and accrued income	121	156
Corporation tax	18	18
Other tax and social security	31	18
Other debtors	7	9
	<u>5,173</u>	<u>7,981</u>

All of the above amounts fall due within one year.

9. Deferred tax	£000
As at 1 June 2021	203
Current year	73
	<u>276</u>
As at 31 May 2022	<u>276</u>

The elements of deferred taxation are as follows:

	2022 £000	2021 £000
Corporation tax deferred by accelerated capital allowances	252	185
Timing differences relating to derivative financial instruments	24	18
	<u>276</u>	<u>203</u>

10. Creditors: amounts falling due within one year	2022 £000	2021 £000
Trade creditors	341	95
Amount due to Arsenal Group Companies	929	929
Accruals and deferred income	524	331
	<u>1,794</u>	<u>1,355</u>

ARSENAL BROADBAND LIMITED
NOTES TO THE ACCOUNTS
Year ended 31 May 2022

11. Called up share capital	2022	2021
	£000	£000
Called up and fully paid		
20,000,001 Ordinary 'A' shares of £1 each	20,000	20,000
20,000,001 Ordinary 'B' shares of £0.25 each	5,000	5,000
1 Ordinary 'C' share of £1	-	-
	<u>25,000</u>	<u>25,000</u>

The equity 'A' and 'B' shareholders have equal voting rights. Rights to shares in the profits of the website business, and rights on the distribution of the website related assets in the event of a winding up, are split such that the 'A' shareholders receive 50.001% and the 'B' shareholders the remainder.

'C' shareholders have no voting rights. They have the exclusive right to the profits of the Company from the exploitation of the licensed media rights other than for the purposes of operating the internet portal, plus any related assets in the event of a winding up.

12. Related party transactions

Following a reorganisation of activities, Arsenal Football Club plc was not charged a fee by Arsenal Broadband Limited, in respect of the financial year ended 31 May 2022 (2021: £nil). At 31 May 2022 the balance owing from members of the Arsenal Holdings Limited group, of which Arsenal Football Club plc is a member, was £3.7 million (2021: £6.3 million)

The Directors consider that all of the transactions were performed on an arm's length basis.

13. Ultimate parent company

The Company is a joint venture between Arsenal Football Club plc and KSE UK Inc. The joint venture's results and net assets are included under the gross equity method (50%) within the consolidated accounts of Arsenal Holdings Limited, a company incorporated in the United Kingdom. The consolidated accounts of Arsenal Holdings Limited are available to the public and may be obtained from Arsenal Holdings Limited, Highbury House, 75 Drayton Park, London N5 1BU.

The ultimate parent undertaking and controlling party is KSE UK Inc., which, together with its 50% shareholding in the Company, owns 100% of the share capital of Arsenal Holdings Limited. KSE UK Inc. is incorporated in the State of Delaware, USA, and is wholly-owned and controlled by Mr E.S. Kroenke.