

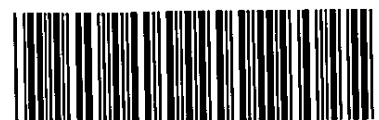
Company Registration No 5993863

WH HOLDING LIMITED

Report and Financial Statements

31 May 2007

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WH HOLDING LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the period from the date of incorporation to 31 May 2007

Principal Activity

The company was incorporated on 9 November 2006 for the purpose of acquiring the issued share capital of West Ham United plc. On 1 December 2006 the offer to acquire shares in West Ham United plc was declared unconditional and the takeover was completed. The company has since acquired 100% of the issued share capital of West Ham United plc.

The principal activity of the company is to act as a holding company. The principal activity of the group is that of a professional football club as a member of The FA Premier League and The Football Association together with related and ancillary activities.

Results and Dividends

The results of the group are as set out in the profit and loss account on page 6.

The directors do not propose the payment of a dividend. However, in accordance with the articles of association of the company, provision has been made in these accounts for a dividend to be paid on the 2% cumulative redeemable preference shares. Pursuant to a resolution of the members of the company dated 27 September 2007, the preference shares were converted to ordinary shares and the entitlement to a dividend on those preference shares has been waived.

Review of the Group's Activities & Future Prospects

The company successfully completed the takeover of West Ham United plc on 1 December 2006 and the results for the new group, set out in these accounts, disclose the loss for the period since that date. Because the new group's trading results are for a six month period only the information they convey is of limited meaning, especially because of the uneven pattern of activity for the principal subsidiary company, West Ham United Football Club plc. All football clubs do not trade in June and July and so the six months of pre-acquisition trading for the old group would have included only four months of income but six months of costs. Furthermore, as explained in note 1 (accounting policies), turnover from merit fees is only recognised once earned, i.e. in May 2007.

The financial statements of West Ham United plc disclose the group's trading activity for the full twelve month period and include a detailed financial review.

Principal Risks and Uncertainties

The group's principal business risk is that of the club being relegated from the FA Premier League with the serious financial consequences which follow. Having endured this experience in 2002/03 the group believes it has a good understanding of the strategy required. However, of paramount importance is the need to make contingency plans for such an event. The group prepares budgets up to three seasons in advance which include an evaluation of the impact of relegation and associated contingency plans. The risk is mitigated to some extent by the long term contractual nature of a significant element of the group's turnover, including centrally negotiated broadcast and sponsorship deals.

Financial assets that expose the group to financial risk consist principally of cash, trade receivables and other receivables. Financial liabilities that expose the group to financial risk consist principally of trade payables and other payables. The financial risks associated with these financial instruments are considered minimal.

The directors are of the view that the group is not exposed to any significant foreign exchange risk.

The group places its cash with creditworthy institutions. The group performs ongoing credit evaluation of its debtors' financial condition. The carrying amounts of cash, trade receivable and other receivables represent the maximum credit risk that the group is exposed to.

The group's exposure to interest rate risk is managed through the use of an interest rate collar, details of which are set out in note 19 to the financial statements.

WH HOLDING LIMITED

DIRECTORS' REPORT (continued)

Directors and their Interests

The directors who held office throughout the year and since the year end are as follows

B Gudmundsson (appointed 16 November 2006)
T Kristjansson (appointed 16 November 2006)
GJ Oddsson (appointed 16 November 2006)
A Fridgeirsson (appointed 12 December 2007)
SI Duxbury (appointed 12 December 2007)
N Igoe (appointed 12 December 2007)
M Lee (appointed 12 December 2007)
EA Magnusson (appointed 16 November 2006, resigned 12 December 2007)
Travers Smith Directors Limited (appointed 9 November 2006, resigned 16 November 2006)

The directors had no interests in the shares of the company or its subsidiaries. The directors' interests in the ultimate parent company, Olafsfell ehf, are disclosed in that company's accounts.

Payment of Suppliers

The Companies Act 1985 (Directors' Report) (Statement of Payment Practice) Regulations 1997 require the company to make a statement of its policy on the payment of creditors.

The group seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with suppliers when the details of each transaction are settled. The group will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders.

At 31 May 2007 the aggregate amount owed to trade creditors, as a proportion of the aggregate amounts invoiced by suppliers to the group during the year then ended, represented an average of 51 days' credit. Average figures calculated on the basis laid down by the regulations may be distorted by the irregular pattern of invoiced supplies during the year.

Statement on Information Given to Auditors

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 auditors are unaware, and
- 2) 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office and, accordingly, a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

By order of the board


N Igoe
Secretary

21 December 2007

WH HOLDING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

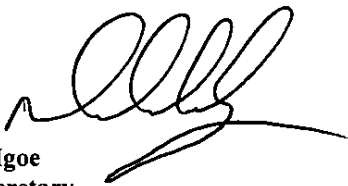
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed and
- 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board


N Igoe
Secretary

21 December 2007

WH HOLDING LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WH HOLDING LIMITED

We have audited the group and parent company financial statements (the "financial statements") of WH Holding Limited for the period from 9 November 2006 (date of incorporation) to 31 May 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 35. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

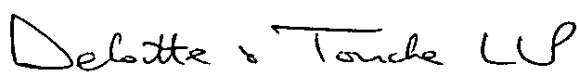
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 May 2007 and of the group's loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

21 December 2007

WH HOLDING LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period from 9 November 2006 (date of incorporation) to 31 May 2007

	Notes	Operations excluding player trading £000	Player trading * (notes 8 & 12) £000	Total £000
Turnover	3	35,348	-	35,348
Other operating income		970	-	970
Exceptional expenses	4	(7,685)	-	(7,685)
Administrative expenses	4	(35,944)	-	(35,944)
Amortisation of intangible fixed assets		(1,898)	(7,435)	(9,333)
Total operating expenses		(45,527)	(7,435)	(52,962)
Operating loss	5	(9,209)	(7,435)	(16,644)
Profit on disposal of players	8	-	507	507
Loss before interest		<u>(9,209)</u>	<u>(6,928)</u>	<u>(16,137)</u>
Net interest payable	9			(2,605)
Loss on ordinary activities before taxation				<u>(18,742)</u>
Tax credit on loss on ordinary activities	10			994
Loss for the period	26			<u><u>(17,748)</u></u>

* Player trading represents the amortisation of registrations and the profit or loss on disposal of registrations

All activities derive from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the period from 9 November 2006 (date of incorporation) to 31 May 2007

	2007 £000
Loss for the period	(17,748)
Unrealised surplus on revaluation of properties	3,237
Unrealised loss on revaluation of properties	(24)
Total recognised gains and losses for the period	<u><u>(14,535)</u></u>

WH HOLDING LIMITED

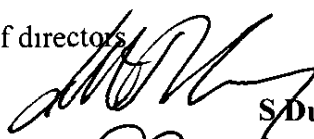

CONSOLIDATED BALANCE SHEET

as at 31 May 2007

	Note	2007 £000	2007 £000
Fixed assets			
Intangible assets	12		71,358
Tangible assets	11		89,397
			<u>160,755</u>
Current assets			
Stocks	14	313	
Debtors	15	8,064	
Cash at bank and in hand		13,718	
		<u>22,095</u>	
Creditors - amounts falling due within one year	16	(81,311)	
Net current liabilities			<u>(59,216)</u>
Total assets less current liabilities			<u>101,539</u>
Creditors - amounts falling due after more than one year	16		(107,838)
Deferred grants	21		(2,896)
Provisions for liabilities and charges	22,23		(5,764)
Net liabilities			<u>(14,959)</u>
Capital and reserves			
Called up share capital	24		10
Revaluation reserve	25		3,213
Profit and loss account	26		(18,182)
Total shareholders' deficit	27		<u>(14,959)</u>

These financial statements were approved by the board of directors on 21 December 2007

Signed on behalf of the board of directors


S Duxbury

N Igoe

Director

Director

WH HOLDING LIMITED


COMPANY BALANCE SHEET


as at 31 May 2007

	Note	£000	£000
Fixed assets			
Investments	13		88,888
Current assets			
Debtors	15	1,106	
Cash at bank and in hand		5	
		<u>1,111</u>	
Creditors - amounts falling due within one year	16	<u>(1,580)</u>	
Net current liabilities			(469)
Total assets less current liabilities			<u>88,419</u>
Creditors - amounts falling due after one year			(89,990)
Net liabilities			<u><u>(1,571)</u></u>
Capital and reserves			
Called up share capital	24		10
Profit and loss account	26		(1,581)
Total shareholders' deficit			<u><u>(1,571)</u></u>

These financial statements were approved by the board of directors on 21 December 2007

Signed on behalf of the board of directors


S Duxbury


N Igoe

Director

Director

WH HOLDING LIMITED

CONSOLIDATED CASH FLOW STATEMENT

for the period from 9 November 2006 (date of incorporation) to 31 May 2007

	Note	2007 £000	£000
Net cash outflow from operating activities	A		(7,623)
Returns on investments and servicing of finance			
Interest paid		(2,625)	
Interest received		20	
Net cash outflow from returns on investments and servicing of finance			(2,605)
Corporation tax paid			(385)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		113	
Purchase of player registrations		(14,419)	
Proceeds on disposal of player registrations		199	
Net cash inflow from capital expenditure and financial investment			(14,107)
Acquisitions and disposals			
Purchase of subsidiary undertaking (see note 12)			(88,888)
Net cash outflow before financing			(113,608)
Financing			
Issue of ordinary shares		10	
Issue of redeemable preference shares		44,990	
Issue of loan notes		45,000	
Bank loans advanced		13,905	
Loans from companies controlled by major investor		26,600	
Hire and lease purchase loans repaid		(222)	
Net cash inflow from financing			130,283
Increase in cash & bank balances	B		<u>16,675</u>

WH HOLDING LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the period from 9 November 2006 (date of incorporation) to 31 May 2007

A Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

	2007 £000
Operating loss from continuing activities	(16,644)
Depreciation charge	1,703
Loss on disposal of tangible fixed assets	1
Release of deferred grant income	(34)
Amortisation of cost of player registrations	7,435
Amortisation of goodwill	1,898
Decrease in stocks	305
Increase in debtors	(1,858)
Decrease in creditors	(429)
Net cash outflow from operating activities	<u>(7,623)</u>

B Analysis of Changes in Net Debt

	1 December 2006 £000	Cash flows £000	Other non-cash changes £000	31 May 2007 £000
Cash at bank and in hand	77	13,641	-	13,718
Overdrafts	(3,034)	3,034	-	-
Loans from companies controlled by major investor	-	(26,600)	-	(26,600)
	<u>(2,957)</u>	<u>(9,925)</u>	<u>-</u>	<u>(12,882)</u>
Debt due within one year	(2,220)	(13,905)	-	(16,125)
Debt due after one year	(20,250)	-	-	(20,250)
Loan notes	-	(45,000)	-	(45,000)
Redeemable preference shares	-	(44,990)	-	(44,990)
Hire and lease purchase loans	(2,224)	222	(705)	(2,707)
	<u>(24,694)</u>	<u>(103,673)</u>	<u>(705)</u>	<u>(129,072)</u>
	<u>(27,651)</u>	<u>(113,598)</u>	<u>(705)</u>	<u>(141,954)</u>

During the period the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £705,000

C Reconciliation of Net Cash Flow to Movement in Net Debt

	2007 £000
Decrease in cash & short term loans in the period	(9,925)
Cash inflow from increase in debt and lease financing	(103,673)
Change in net debt resulting from cash flows	<u>(113,598)</u>
New hire purchase loans	(705)
Net debt at 1 December 2006	(27,651)
Net debt at 31 May 2007	<u>(141,954)</u>

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS for the period ended 31 May 2007

1 Accounting Policies

The accounts have been prepared in accordance with applicable United Kingdom accounting standards. The following are the accounting policies used by the company. These policies have been consistently applied throughout the current and preceding period.

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Turnover

Turnover represents all amounts received and receivable in respect of football matches played, goods sold and services provided during the year excluding value added tax. Gate receipts and other match day revenue is recognised as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees received for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the football season.

Signing on fees

Signing on fees payable under an employment contract are accounted for on an earnings basis. Where such fees are payable in equal annual instalments, under Football League and FA Premier League regulations, they are charged to the profit and loss account evenly over the period of the player's contract. In the event of the player's registration being sold, the balance of any signing on fees paid or payable to a player is treated as a cost of disposal of the registration.

Tangible fixed assets

In accordance with Financial Reporting Standard 15 'Tangible Fixed Assets', the Boleyn Ground stadium and adjoining land, the Chadwell Heath training ground and the Becton Community Centre are valued on a depreciated replacement cost basis. The Little Heath training ground is valued on a current existing use value basis. Full valuations are undertaken at least every five years as required by FRS 15 and any surplus or deficit is transferred to the revaluation reserve.

Where depreciation charges are increased following a revaluation, where material, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Depreciation is provided at the following rates on a straight line basis. The rates used are expected to write off the cost, less any estimated residual value, of each asset over its expected useful life.

Freehold buildings	2%
Plant, fittings & equipment	10-33%
Motor vehicles	25%

Assets are stated net of any provision for impairment.

Intangible assets – player registrations

Payments made to third parties in order to acquire a player's registration are capitalised at cost. The cost is then amortised on a straight line basis over the period of the player's contract.

In the event of disposal of a player's registration, the unamortised cost of acquiring the registration is deducted from the net proceeds of disposal to arrive at a profit or loss on disposal.

Future payments for the acquisition of a player's registration, which may become due dependent on the performance of the team and/or the individual player, are recognised within the original cost of acquisition if, in the opinion of the directors, it is probable that these payments will eventually be made.

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

1 Accounting Policies (continued)

Intangible assets – player registrations (continued)

Similar terms may exist in contracts for the sale of players' registrations but such payments are not recognised as part of the proceeds of disposal until the event upon which the payment is dependent is known to have occurred

Intangible assets – goodwill

Following the purchase of the share capital of West Ham United plc and its subsidiary companies, the surplus of the total consideration (including cost of acquisition) over the fair value of the net assets acquired at the date of takeover, has been capitalised as "Goodwill on Acquisition" in these group accounts. This figure is being amortised at a rate of 10% per annum.

Grants and deferred income

Grants receivable from the Football Stadium Improvement Fund (formerly the Football Trust) and the former Football Grounds Improvement Trust in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred income in the balance sheet represents total grants receivable less amounts released to the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is the invoiced value of goods purchased for resale. Provision is made to reduce cost to net realisable value having regard to age, condition and saleability of stocks.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

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

In addition the group is making contributions in respect of its share of the deficit of the defined benefit section of The Football League Pension and Life Assurance Scheme (the "Scheme"). Contributions are charged to the profit and loss account as soon as they are claimed by the Scheme. Under FRS 17 - Retirement Benefits - The Scheme would be treated as a defined benefit multi-employer scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities cannot be identified on a reasonable basis and accordingly no disclosures are made under the provisions of FRS 17.

The assets of all schemes are held in funds independent from the group.

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

1 Accounting Policies (continued)

Financial Instruments

The Group uses an interest rate collar agreement to mitigate interest rate risk. Amounts payable or receivable in respect of the interest rate collar are recognised on an accruals basis and are shown as interest expense or income respectively. The Group does not hold or issue derivative financial instruments for speculative purposes.

2 Company Profit and Loss Account

In accordance with the provisions of section 230 of the Companies Act 1985, the profit and loss account for the parent company is not included in these accounts. The retained loss for the parent company amounted to £1,147,000 for the period.

3 Turnover

An analysis of turnover by class of business is provided below. All turnover is derived in the United Kingdom.

	Group Period from 9 November 2006 to 31 May 2007 £000
Match receipts and related football activities	10,757
Broadcast and central sponsorship distributions	15,651
Commercial activities	5,432
Retail and merchandising	1,346
Catering and hospitality	2,162
	<u>35,348</u>

4 Exceptional Items

	Group Period from 9 November 2006 to 31 May 2007 £000
Premier League fine and associated legal fees	5,917
Compensation for loss of office	1,768
	<u>7,685</u>

Tax attributable to exceptional items was £656,000.

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

5 Operating Loss

Operating loss is stated after charging/(crediting) the following

	Group Period from 9 November 2006 to 31 May 2007 £000
Employment costs (note 6)	27,085
Depreciation on tangible fixed assets (note 11)	
- owned assets	1,445
- assets held under hire and lease purchase contracts	258
Release of grant income	(34)
Fees payable to the company's auditors for the audit of the company's annual accounts	4
Fees payable to the company's auditors for other services	
- audit of company's subsidiaries pursuant to legislation	37
- 'tax services	13
Operating leases	168
Loss on disposal of fixed assets	1

The audit fee for the company of £4,000 is borne by West Ham United Football Club plc

6 Staff Costs and Employees

	Group Period from 9 November 2006 to 31 May 2007 £000
Wages and salaries	22,502
Compensation for loss of office	1,768
Social security costs	2,671
Other pension contributions	144
	<hr/> 27,085 <hr/>
	Number
<u>Average number of persons employed (including directors)</u>	
Players, team management & training	82
Commercial & administrative	138
	<hr/> 220 <hr/>
Part-time employees	1,134
	<hr/> 1,354 <hr/>

Staff costs include exceptional expenditure of £1,768,000 (see note 4)

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

7 Directors' Emoluments

	Group Period from 9 November 2006 to 31 May 2007 £000
Emoluments	490
	<u>490</u>
<u>Emoluments of highest paid director</u>	
Emoluments	490
	<u>490</u>

No directors were members of a pension scheme in the period

8 Profit on Disposal of Players

	Group Period from 9 November 2006 to 31 May 2007 £000
Disposal proceeds (net of costs of realisation)	1,493
Net book value of players sold (note 12)	(986)
	<u>507</u>

Tax attributable to the profit on disposal of players was a charge of £152,000

9 Net Interest Payable

	Group Period from 9 November 2006 to 31 May 2007 £000
Interest payable on bank overdrafts and loans	1,354
Interest payable on loan notes	1,147
Hire purchase loan interest	72
Interest payable to other group undertakings	52
	<u>2,625</u>
Bank and other interest receivable	(20)
	<u>2,605</u>

Pursuant to a resolution of the members of the company dated 27 September 2007, the loan notes were converted to ordinary shares and accrued interest on the loan notes, including the amount provided for above, was waived

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

10 Taxation on Loss on Ordinary Activities

Group
Period from
9 November
2006 to 31
May 2007
£000

Deferred tax credit

(994)

As at 31 May 2007, cumulative tax losses available to carry forward against future trading profits were approximately £12,800,000 subject to agreement with the Inland Revenue

Factors affecting the corporation tax charge for the period are explained below

Group
Period from
9 November
2006 to 31
May 2007
£000

Loss on ordinary activities before tax

(18,742)

Tax credit @ 30% thereon

(5,623)

Expenses not deductible for tax purposes

2,759

Capital allowances for period less than depreciation

(21)

Disposal of intangible assets – timing differences on allowances for tax

225

Other timing differences

(19)

Increase in tax losses

2,679

Current corporation tax charge for year

-

11 Group Tangible Fixed Assets

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor vehicles £000	Total £000
<u>Cost or valuation</u>				
Acquired on takeover	87,720	15,424	210	103,354
Additions	39	537	16	592
Adjustment arising on revaluation	3,129	84	-	3,213
Disposals	-	(1,095)	(26)	(1,121)
31 May 2007	90,888	14,950	200	106,038
<u>Depreciation</u>				
Acquired on takeover	8,994	6,898	166	16,058
Charge for the period	924	770	9	1,703
Disposals	-	(1,094)	(26)	(1,120)
31 May 2007	9,918	6,574	149	16,641
<u>Net book value</u>				
31 May 2007	80,970	8,376	51	89,397

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

11 Group Tangible Fixed Assets (continued)

Edward Symmons & Partners, Chartered Surveyors, undertook valuations of the freehold properties belonging to the group as at 6 September 2007. A summary of valuations of the properties and the bases of valuation is set out below.

Property	Basis of valuation	£000
Boleyn Ground and adjoining land	Depreciated replacement cost	77,600
Chadwell Heath training ground	Depreciated replacement cost	5,385
Little Heath training ground	Existing use value	960
Beckton Community Centre	Depreciated replacement cost	1,265

The value of land included in the above is £22,065,000. The valuation of the Boleyn Ground includes plant, fittings & equipment valued at £2,801,000. The valuation of the Chadwell Heath training ground includes plant, fittings & equipment valued at £1,438,000.

The comparable amounts for freehold land and buildings determined according to the historical cost convention are cost of £38,638,000 and accumulated depreciation of £8,197,000.

The Boleyn Ground and Chadwell Heath and Little Heath training grounds are charged to Barclays Bank PLC as trustee for themselves, Bank of Scotland and Lombard North Central plc.

The net book value of assets held under hire and lease purchase contracts is as follows:

	2007 £000
Plant, fittings & equipment	2,972
Motor vehicles	14
	<u>2,986</u>

The company does not hold any tangible fixed assets.

12 Intangible Fixed Assets

	Player registrations £000	Goodwill on acquisition £000	Total £000
<u>Cost</u>			
Acquired on takeover	33,367	37,969	71,336
Additions	22,095	-	22,095
Disposals	(1,848)	-	(1,848)
31 May 2007	<u>53,614</u>	<u>37,969</u>	<u>91,583</u>
<u>Amortisation</u>			
Acquired on takeover	11,754	-	11,754
Charge for the period	7,435	1,898	9,333
Disposals	(862)	-	(862)
31 May 2007	<u>18,327</u>	<u>1,898</u>	<u>20,225</u>
<u>Net book value</u>			
31 May 2007	<u>35,287</u>	<u>36,071</u>	<u>71,358</u>

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

12 Intangible Fixed Assets (continued)

On 1 December 2006 the company completed the acquisition of the share capital of West Ham United plc for the following consideration

	Company 2007 £000
Shares at cost	88,052
Costs of acquisition	3,836
	<hr/> 88,888
Net assets of West Ham United plc at 1 December 2006	(50,919)
	<hr/> 37,969

The goodwill arising on consolidation is being amortised on a straight line basis over a period of 10 years from 1 December 2006

The value of net assets acquired at 1 December 2006 was as set out below and has been subject to two fair value adjustments. Firstly, an adjustment has been made to reflect the unrealised surplus on the revaluation of group properties at the date of acquisition. Secondly, an adjustment has been made for a tax credit on the loss incurred by the West Ham United plc group of companies for the period from 1 June to 30 November 2006

	Book value at 1 December 2006 £000	Fair value adjustments £000	Fair value £000
Tangible fixed assets	71,232	16,064	87,296
Intangible fixed assets	21,613	-	21,613
Current assets	5,224	-	5,224
Creditors - amounts falling due within one year	(31,757)	383	(31,374)
Creditors - amounts falling due after one year	(27,916)	-	(27,916)
Deferred grants	(2,930)	-	(2,930)
Provisions for liabilities and charges	(1,958)	964	(994)
Net assets	<hr/> 33,508	<hr/> 17,411	<hr/> 50,919

The directors concluded that the fair value of intangible fixed assets – player registrations was not materially different from the net book value. Accordingly, no fair value adjustment was required for these intangible fixed assets.

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

13 Investments held as Fixed Assets

	Company 2007 £000
Ordinary shares in subsidiary undertakings at cost	<u>88,888</u>

Subsidiary undertakings comprise the following

Company	Percentage of ordinary shares held	Country of incorporation and operation	Principal activities
West Ham United plc	100%	Great Britain	Holding company
West Ham United Football Club plc	100%	Great Britain	Professional football club
West Ham United Sportswear Limited	100%	Great Britain	Retail & merchandising
West Ham United Hospitality Limited	100%	Great Britain	Catering & hospitality
Thames Iron Works & Shipbuilding Company Limited	100%	Great Britain	Non trading

The proportion of voting rights held in respect of each of the investments above is the same as the proportion of ordinary shares held

The company also has a 50% interest in West Ham United in the Community, a company limited by guarantee and registered charity. The results of West Ham United in the Community have not been consolidated

14 Stocks

	Group 2007 £000
Goods for resale	<u>313</u>

The company does not hold any stock

15 Debtors

	Group 2007 £000	Company 2007 £000
Trade debtors	1,025	-
Amounts owing by group undertaking	-	569
Other debtors	2,635	537
Corporation tax recoverable	383	-
Prepayments and accrued income		
– due within one year	3,877	-
– due after more than one year	144	-
	<u>8,064</u>	<u>1,106</u>

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

16 Creditors

	Group 2007 £000	Company 2007 £000
<u>Due within one year</u>		
Bank loan (notes 17 & 19)	22,671	-
Loans from companies controlled by major shareholder	26,600	-
Obligations under hire and lease purchase contracts (notes 17 & 20)	554	-
Trade creditors	2,745	-
Preference dividend payable	434	434
Taxation and social security	2,803	-
Other creditors	17,881	-
Season ticket and other receipts in advance	963	-
Accruals	6,660	1,146
	<u>81,311</u>	<u>1,580</u>
<u>Due after more than one year</u>		
Loan notes	44,990	44,990
Redeemable 2% preference shares	45,000	45,000
Debenture loans & subscriptions (notes 17 & 18)	611	-
Bank loan (notes 17 & 19)	13,093	-
Obligations under hire and lease purchase contracts (notes 17 & 20)	2,153	-
Season ticket and other receipts in advance	630	-
Other creditors	1,361	-
	<u>107,838</u>	<u>89,990</u>

In June 2007, £6,100,000 of the above figure for loans from companies controlled by major shareholder was repaid. In September 2007, the balance of £20,500,000 was converted to equity (see note 30)

On 27 November 2006, £44,900,000 of cumulative redeemable 2% preference shares were issued at par. In accordance with FRS25 these preference shares have been treated entirely as liabilities in the balance sheet. Any equity element in the preference shares is considered to be insignificant.

On 27 November 2006, £45,000,000 of loan notes were issued. The loan notes had a fixed repayment date of 31 December 2016, were unsecured and were subject to interest at 5% per annum.

Pursuant to a resolution of the members of the company dated 27 September 2007, the loan notes and redeemable preference shares were converted to ordinary shares. Accrued interest payable on the loan notes and the accrued dividend on the preference shares were both waived.

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

17 Total Loan and Hire Purchase Obligations

	Group 2007 £000
Debenture loans & subscriptions repayable after 5 years or more	611
Bank loans repayable	
Within 1 year or on demand	22,671
Between 1 and 2 years	1,480
Between 2 and 5 years	4,440
After 5 years or more	7,173
	35,764
Obligations under hire and lease purchase contracts repayable	
Within 1 year	554
Between 1 and 2 years	2,153
	2,707
Loan notes	45,000
2% redeemable preference shares	44,990
	<u>129,072</u>

Pursuant to a resolution of the members of the company dated 27 September 2007, the loan notes and redeemable preference shares were converted to ordinary shares. Accrued interest payable on the loan notes and the accrued dividend on the preference shares were both waived.

Following the takeover the group embarked upon a refinancing exercise and, at the date of signing these accounts, is close to concluding negotiations for a new combined term loan and revolving credit facility totalling £47m which replaces existing facilities.

18 Debenture Loans and Subscriptions

The balance of £611,000 comprises both full and part payments towards the purchase of debentures under the Hammers Bond Scheme. Under the terms of the issue the definitive certificate can only be issued once payment has been received in full. At 31 May 2007 the following applications had been received:

	Group 2007 £000
97 'A' bonds	49
641 'B' bonds	481
70 'C' bonds	68
Part payments	13
	<u>611</u>

Under the terms and conditions of the scheme, the debentures are repayable at par after 150 years. The debentures are non interest bearing and are unsecured.

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

19 Bank Loan and Overdraft

The main loan, in the sum of £21,859,000 is provided by a syndicate of three banks. This loan is repayable between July 2002 and July 2016 and interest is charged at 1.5% over LIBOR.

This loan and the bank overdraft are secured by legal charges on certain of the group's freehold land and buildings and debentures over all the assets and undertaking of the company's subsidiary companies in favour of the syndicate of three banks.

At the date of draw down of the loan the group was required to enter into an interest rate collar agreement whereby the interest rate on the loan (subject to a maximum of £15 million) is capped at 9.25% per annum and has a floor of 5.25% per annum. At the balance sheet date, this interest rate collar agreement had a negative fair value of £60,000 (2006 – £353,000).

On 13 July 2007 the interest rate floor agreement was cancelled in consideration of a payment of £62,000.

Two further loans, in the sums of £8,350,000 and £5,555,000 are repayable within one year and interest on both loans is charged at 3% over LIBOR. Both loans are guaranteed by the company.

20 Obligations Under Hire and Lease Purchase Contracts

Obligations under hire and lease purchase contracts are in respect of certain assets of the group and are secured on the assets themselves.

21 Deferred Grants

Grant income has been received from the Football Stadium Improvement Fund (formerly the Football Trust) against approved capital projects and is not repayable. It is the group's policy to release deferred income to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant.

The movements for the year are as follows:

	Group 2007 £000
1 December 2006	2,930
Released to profit & loss account	(34)
31 May	<u>2,896</u>

22 Provisions for Liabilities and Charges – Cost of Player Registrations

	Group 2007 £000
1 December 2006	3,843
Movement for period	1,921
31 May	<u>5,764</u>

The above provision represents estimated contingent amounts payable under the terms of transfer agreements.

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

23 Provisions for Liabilities and Charges – Deferred Taxation

The movements in the provision are as follows

	Group 2007 £000
1 December 2006	994
Credited to profit and loss account	(994)
31 May	-

The amount of deferred taxation provided in the accounts is as follows

	Group 2007 £000
Capital allowances in excess of depreciation	2,082
Other timing differences	(262)
Unutilised tax losses	(1,820)
Total deferred tax liability	-

The amount of potential deferred taxation not provided in the accounts is as follows

	Group 2007 £000
Depreciation in excess of capital allowances	(63)
Other timing differences	(2)
Unutilised tax losses	(2,008)
Surplus on revaluation of properties	(2,073) 8,974
Unprovided deferred tax liability	6,901

The deferred tax asset of £2,073,000 has not been recognised as, in the opinion of the board, there is insufficient evidence of appropriate profits in the future that would lead to the asset crystallising

The group's freehold properties have been revalued in accordance with FRS15 "Tangible Fixed Assets". The group presently has no agreement in place to dispose of any of these properties. No deferred tax has therefore been provided on the gains arising from the revaluation as such tax would only become payable if any of the properties were sold without rollover relief being obtained.

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

24 Called up Share Capital

	Group & Company 2007 £000
<u>Authorised</u> 500,000 ordinary shares of £1 each	500
<u>Called up, allotted and fully paid</u> 10,000 ordinary shares of £1 each	10

The ordinary shares were allotted on 27 November 2006

25 Revaluation Reserve

	Group 2007 £000
Surplus on revaluation of properties	3,213
31 May	3,213

26 Profit and Loss Account

	Group 2007 £000	Company 2007 £000
Retained loss for the period	(17,748)	(1,147)
Cumulative preference dividend	(434)	(434)
31 May	(18,182)	(1,581)

Pursuant to a resolution of the members of the company dated 27 September 2007, the accrued dividend on the preference shares has been waived

27 Reconciliation of Movements in Shareholders' Funds

	Group 2007 £000
Retained loss for the year	(17,748)
Preference dividend	(434)
Issue of ordinary shares	10
Surplus on revaluation of properties	3,213
Closing shareholders' deficit	(14,959)

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

28 Capital Commitments

There were no capital commitments contracted for but not provided in the financial statements

29 Operating Lease Commitments

At 31 May 2007 the group was committed to making the following payments in respect of operating leases

	Group 2007 £000
<u>Land and buildings</u>	
Expiring after five years	195
<u>Other operating leases</u>	
Expiring within one year	63
Expiring within two to five years	128
	191
	386

30 Post Balance Sheet Events

Transfers of player registrations completed subsequent to 31 May 2007 amount to a net £17,719,000 payable by the group with a further net £300,000 receivable contingent on certain future events

As set out in note 16, creditors at 31 May 2007 included a loan of £20,500,000 made by Hansa ehf, a company controlled by the company's major shareholder, Mr B Gudmundsson. On 27 September 2007, this loan was converted to equity by the issue of 20,500,000 £1.00 ordinary shares by the company. The £20,500,000 loan already advanced by Hansa ehf was applied in consideration for the share issues. Interest on the loan, from the date first advanced to 27 September 2007, has been waived by Hansa ehf.

As also set out in note 16, pursuant to a resolution of the members of the company dated 27 September 2007, loan notes in the sum of £45,000,000 and redeemable preference shares in the sum of £44,990,000 were converted to ordinary shares. Accrued interest payable on the loan notes and the accrued dividend on the preference shares were both waived.

During the period 19 October to 12 December 2007, Bentis Holdings Limited, a company in which Mr B Gudmundsson is the controlling shareholder, advanced £10,000,000 to the company by way of loan. On 12 December these funds were used to acquire 40,000,000 ordinary shares of 25p each in West Ham United plc.

31 Contingent Liabilities & Guarantees

As explained in note 19, the company has guaranteed two loans advanced to a subsidiary company in the sums of £8,350,000 and £5,555,000.

In common with other group companies, the company is party to a group VAT registration whereby each member company guarantees the liability to VAT of the other members.

Under the terms of transfer agreements for certain players additional transfer fees might be payable dependent on the success of the football club or those players making a certain number of club or international appearances. At the balance sheet date the maximum contingent liability was £250,000.

Contingent liabilities are not expected to give rise to any material losses.

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

32 Contingent Assets

Under the terms of certain contracts for the sale of players' registrations, future payments may be received over a number of years, dependent on the future performance of the players sold and the future success of the buying clubs. At this stage it is impractical to quantify the likely financial effect of these provisions or to state with any degree of certainty that any payments will be received. Accordingly no further disclosure is made.

33 Pension Scheme

Eligible staff are members of the Football League Limited Pension and Life Assurance Scheme which is a defined contribution scheme with a defined benefit section. The assets of the scheme are held separately from those of the company, the defined contribution section being invested with an insurance company and the defined benefit section with professional investment managers.

Until 31 August 1999 the Football League Limited Pension and Life Assurance Scheme had been a defined benefit scheme. Following a review of the minimum funding requirement (MFR) of the scheme, the scheme actuary identified a substantial deficit and accrual of benefits was suspended with effect from 31 August 1999. Thereafter, the defined contributions section was established for future contributions on behalf of members.

Under the Pensions Act 1995, participating employers to the scheme, including the group, are required to contribute to the deficit in accordance with an agreed schedule of contributions. An MFR valuation of the deficit as at 31 August 1999 was carried out and a schedule of contributions was put in place in July 2001. Since it is necessary to carry out a revaluation of the deficit every three years MFR valuations of the deficit at 31 August 2002 and 31 August 2005 were certified by the scheme actuary in January 2003 and March 2006 respectively. New schedules of contributions were put in place in April 2003 and April 2006 which took account of market movements since the date of certification.

Following these three valuations, the group's total contribution towards the deficit was calculated as £2,327,000. Legislation permits participating employers to make good any deficit over a ten year period and so the revised schedule provides for the balance of contributions to be paid between April 2006 and May 2016.

Total pension costs charged during the period amounted to £144,000.

34 Ultimate Parent Company

Hansa ehf (company number 560793-2009), a company incorporated in Iceland, is the immediate parent company.

Olafsfell ehf (company number 520570-1019), a company incorporated in Iceland, is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up. Olafsfell ehf will be required to prepare its group accounts for the accounting period ending on 31 December 2007. Copies of the financial statements will be available from the RSK Register of Enterprises, Laugavegur 166, 150 Reykjavík, Iceland.

Mr Gudmundsson, a director of the company, is the ultimate controlling party of the company as a result of controlling directly or indirectly, 100% of the issued share capital of the company.

35 Related Party Transactions

Note 16 discloses loans made to the group by companies controlled by its major shareholder in the sum of £26,600,000. These loans included a loan of £2,000,000 from Bentis Holding Limited and a loan of £4,100,000 from Fjarfestingarfélagid Grettir hf. These loans attracted interest at 7.5% per annum and interest of £26,300 and £21,600 respectively was accrued at 31 May 2007 and paid after the year end. These loans were repaid in June 2007. The company's major shareholder, Mr B Gudmundsson, is the controlling shareholder of both Bentis Holding Limited and Fjarfestingarfélagid Grettir hf.

The balance of the figure for loans made to group by companies controlled by its major shareholder is a loan of £20,500,000 from Hansa ehf. Hansa ehf holds 100% of the issued share capital of the company. The company's major shareholder, Mr B Gudmundsson, is the controlling shareholder of Hansa ehf.

WH HOLDING LIMITED

NOTES TO THE ACCOUNTS (continued)

35 Related Party Transactions (continued)

As set out in note 30, on 27 September 2007, this loan was converted to equity by the issue of 20,500,000 £1.00 ordinary shares by WH Holding Limited. On the same date, West Ham United plc issued 5,125,000 ordinary shares at a price of £4.00 each to WH Holding Limited. The £20,500,000 loan already advanced by Hansa ehf was applied in consideration for the share issues. Interest on the loan, from the date first advanced to 27 September 2007, has been waived by Hansa ehf.

On 19 February 2007 the group obtained a loan in the sum of £5,555,000 from Straumur-Burdaras Fjarfestingabanki hf, an Icelandic bank in which the company's major holder, Mr B Gudmundsson, has a significant interest. The loan remained outstanding at the year end and is disclosed within the total for bank loans in creditors due within one year (note 16). The loan bore interest at 3% over LIBOR and interest paid or accrued in the course of the year totalled £115,674. The group also paid an arrangement fee of £55,000 in respect of the loan. Other than accrued interest there were no amounts owing at 31 May 2007. Mr E Magnusson was a director of Straumur-Burdaras Fjarfestingabanki hf until February 2007.

In connection with the takeover of West Ham United plc, the company paid corporate finance fees of £2,021,000 to Teather & Greenwood Limited. The group's major holder, Mr B Gudmundsson, has a significant interest in Landsbanki Islands hf, the holding company of Teather & Greenwood Limited. Mr T Kristjansson is a director of Landsbanki Islands hf, the holding company of Teather & Greenwood Limited.

In the course of the year the group provided match day hospitality facilities to Landsbanki Holdings (UK) plc in the sum of £255,319. There were no amounts owing by Landsbanki Holdings (UK) plc at 31 May 2007. The group's major holder, Mr B Gudmundsson, has a significant interest in Landsbanki Islands hf, the holding company of Landsbanki Holdings (UK) plc. Mr T Kristjansson is a director of Landsbanki Islands hf, the holding company of Landsbanki Holdings (UK) plc.

Mr GJ Oddsson, a director of the company, is also a partner in Logos, a firm of solicitors, which undertook legal work on behalf of both the company and other group companies in the course of the year. Fees paid to Logos in respect of these services totalled £26,000. Of this total, £17,000 remained outstanding at 31 May 2007.

Mr CBC Manhire, a director of a subsidiary company between 1 June and 1 December 2006, is also a director of Nash & Partners Limited, a firm of surveyors, which undertook work on behalf of the group in the course of the year. Fees paid to Nash & Partners Limited in respect of these services totalled £24,200. There were no amounts owing to Nash & Partners Limited at 31 May 2007.

Mr CJ Warner, a director of a subsidiary company between 1 June and 1 December 2006, is also a partner in Warners, a firm of solicitors, which undertook legal work on behalf of the group in the course of the year. Fees paid to Warners in respect of these services totalled £3,100. There were no amounts owing to Warners at 31 May 2007.

In accordance with the exemption permitted by paragraph 3(c) Financial Reporting Standard 8 (Related Party Transactions) transactions between group companies have not been disclosed.