

Company Registration No 5993863

# WH HOLDING LIMITED

## Report and Financial Statements

31 May 2009

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# WH HOLDING LIMITED

## REPORT AND FINANCIAL STATEMENTS

31 MAY 2009

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# WH HOLDING LIMITED

## DIRECTORS AND PROFESSIONAL ADVISERS

<b>Directors</b>	David Sullivan David Gold Karren Brady Nicholas Igoe BA (Hons), ACA Robert Ellis B Ed, FCMA
<b>Company Secretary</b>	Nicholas Igoe BA (Hons), ACA
<b>Registered Office</b>	Boleyn Ground Green Street Upton Park London E13 9AZ
<b>Company Registration Number</b>	5993863
<b>Independent Auditors</b>	Deloitte LLP London
<b>Bankers</b>	Bank of Scotland The Mound Edinburgh EH1 1YZ  Lombard North Central plc 3 Princess Way Redhill Surrey RH1 1NP  Standard Bank plc Cannon Bridge House 25 Dowgate Hill London EC4R 2SB  Straumur-Burdaras Investment Bank hf Borgartún 25 105 Reykjavík Iceland  Glitnir Banki hf. Kíkjusandur 155 Reykjavík Iceland

# WH HOLDING LIMITED

## CHAIRMAN'S STATEMENT

It is a great honour to be reporting to shareholders as Joint-Chairman of West Ham United with my colleague, David Gold, following our acquisition of a 50% shareholding in the company last month

The accounts presented in this report cover the 2008/09 season in which the Club achieved a 9<sup>th</sup> place finish in the Premier League and came close to qualifying for Europe. The season had started inauspiciously with Alan Curbishley's resignation as Manager. However the Club moved quickly to replace him with Gianfranco Zola as Manager and Steve Clarke as Assistant and they both deserve praise for a successful first season.

Other notable achievements in the season and subsequently include regular England appearances for three of our players, Robert Green, Matthew Upson and Carlton Cole. All three will feature in Fabio Capello's plans for the World Cup in South Africa this summer.

It is a tragedy that they will not be joined by Dean Ashton who was forced to announce his retirement from football towards the end of last year. All our supporters will be aware of what a fine talent Dean was until injury prevented him from fulfilling his potential. We wish him well for the future.

Our Finance Director, Nick Igoe, has produced his customary financial review on pages 5 to 8 analysing the group's results for the year. These results testify to the amount of work that has to be done to restore this Club to a position of financial strength. Our new board will work ceaselessly to put the Club back on a stable financial footing and I believe that it has the expertise and experience to achieve this. That said, the process of bringing financial stability will be accelerated if we are successful in our objective of bringing in fresh investment to the company. As many will be aware we have recently appointed Shore Capital and Corporate to conduct a fund raising initiative for the Club to raise £20-40 m.

I would like to take this opportunity to thank former Chairman, Andrew Bernhardt and CB Holding who assumed control of the Club in difficult circumstances and who continue to provide support as 50% shareholders. My thanks also to all of our key sponsors and partners, to the staff and employees of the Club and in particular to our loyal supporters.

Everyone at the Club is working tirelessly to secure our future in the Premier League. Once this is secure I believe we can face the future with optimism.

**David Sullivan**  
**Joint Chairman**

**26 February 2010**

# WH HOLDING LIMITED

## FINANCIAL REVIEW

For the period under review the group recorded a loss before taxation of £16.2m (£5.7m before exceptional expenses) on turnover of £76.1m. During the course of the season the board had embarked on a major initiative to generate savings in order to ensure that the group could once again become self financing following two seasons of heavy trading losses and investment in the playing squad which had largely been funded by increased debt and £30.5m of equity. The challenge for the board was to achieve savings while retaining key members of the first team squad to ensure that it remained competitive within the Premier League.

In the context of these cost saving initiatives the club's 9<sup>th</sup> place finish in the Premier League, its seventh top ten finish in the last twelve years, has to be considered creditable. Until the penultimate weekend of the season the club had a realistic prospect of qualifying for the new Europa League.

Bank debt remained more or less stable at £44.9m against £42.8m at the previous year end as a result of net transfer fee income of £7.4m.

### Profit & Loss Account

The table below summarises the group's trading results over a five year period. The table discloses the results for WH Holding Limited and subsidiary companies for 2008/09 and for West Ham United Limited (formerly West Ham United plc) and subsidiary companies for prior periods. There are no differences between the consolidated results for either group of companies for the current period. The major difference for prior periods was that the results for the WH Holding Limited group included the amortisation of goodwill arising on the acquisition of the West Ham United plc group in December 2006.

The table below and those in other sections in this review disclose whether the football club was performing in the FA Premier League ("FAPL") or Coca Cola Championship ("CCC") in the relevant financial year.

	Total	2008/09	2007/08	2006/07	2005/06	2004/05
	FAPL	FAPL	FAPL	FAPL	FAPL	CCC
	£m	£m	£m	£m	£m	£m
Turnover	306.8	76.1	81.5	57.3	60.1	31.8
Wages & salaries	(216.8)	(60.0)	(63.3)	(42.4)	(30.9)	(20.2)
Other administrative expenses	(90.9)	(21.0)	(22.8)	(17.8)	(15.5)	(13.8)
Exceptional expenses	(47.0)	(10.5)	(27.3)	(8.9)	(0.3)	-
Other operating income	2.3	0.8	0.2	1.0	-	0.3
<b>Operating (loss)/profit before player trading</b>	<b>(45.6)</b>	<b>(14.6)</b>	<b>(31.7)</b>	<b>(10.8)</b>	<b>13.4</b>	<b>(1.9)</b>
Interest payable	(12.7)	(4.0)	(3.0)	(2.2)	(1.6)	(1.9)
<b>(Loss)/profit before player trading &amp; after interest</b>	<b>(58.3)</b>	<b>(18.6)</b>	<b>(34.7)</b>	<b>(13.0)</b>	<b>11.8</b>	<b>(3.8)</b>
Player amortisation	(59.5)	(20.0)	(18.8)	(10.4)	(5.1)	(5.2)
Profit/(loss) on disposal of players	43.1	22.4	16.1	1.4	(0.7)	3.9
<b>(Loss)/profit before taxation</b>	<b>(74.7)</b>	<b>(16.2)</b>	<b>(37.4)</b>	<b>(22.0)</b>	<b>6.0</b>	<b>(5.1)</b>

The £5.4m reduction in turnover is discussed in more detail below but, broadly speaking, can be attributed to the combined effect of the loss of the XL sponsorship (£4m) and outsourcing of the group's catering and hospitality operation (£4.2m) offset by increased Premier League distributions.

The savings in wages and salaries were principally in respect of player wages as the board set about implementing a necessary level of financial prudence following the excesses reported last year. In the last two seasons the group's wages have averaged almost 80% of turnover, against a Premier League average over recent seasons of 62-63%. Clearly this is unsustainable but, more importantly, it must be concluded that the investment in the playing squad has not generated an appropriate return, either financially or in terms of performance. In 2007/08 the group's wage costs were 6<sup>th</sup> highest in the Premier League and the situation in 2008/09 is likely to be similar. It follows that a 9<sup>th</sup> and 10<sup>th</sup> place league finish, one Carling Cup last eight and one FA Cup last 16 represent an unsatisfactory return on this expenditure. Clubs with fewer resources and lower levels of expenditure on their squad have achieved a greater level of league and cup success.

# WH HOLDING LIMITED

## FINANCIAL REVIEW (continued)

The group has experienced an unprecedented level of exceptional costs in recent seasons, £47m in total, principally comprising the costs of a number of very damaging legal actions. The exceptional costs for the current season also include £5.8m in respect of the termination of the contract of a senior player through injury. Due to the uncertainty surrounding the outcome, these accounts do not recognise any potential recovery from an insurance claim in respect of this injury which is referred to in note 31. However this claim is being pursued with vigour and it is hoped that the group will be able to report a positive outcome in next year's annual report.

Notwithstanding these factors, the group has recorded operating losses, before exceptional costs and player trading, of £4.1m and £4.4m respectively in the last two seasons. The benefits of the cost saving initiatives implemented by the board, principally in respect of player wages, will be evident in the accounts for 2009/10.

### Turnover

The table below shows a five year summary of group turnover

	Total	2008/09	2007/08	2006/07	2005/06	2004/05
	FAPL	FAPL	FAPL	FAPL	FAPL	CCC
	£m	£m	£m	£m	£m	£m
Match receipts & other football income	82.1	17.6	18.3	17.0	16.5	12.7
Broadcast & central sponsorship distributions	145.4	44.2	40.8	23.9	28.2	8.3
Commercial activities	42.8	10.3	12.5	8.5	7.3	4.2
Retail & merchandising	18.8	3.7	5.4	3.2	3.8	2.7
Catering & hospitality	17.7	0.3	4.5	4.7	4.3	3.9
	<b>306.8</b>	<b>76.1</b>	<b>81.5</b>	<b>57.3</b>	<b>60.1</b>	<b>31.8</b>

Premier League match income grew by £0.4m notwithstanding a slight drop in average attendances from 34,500 to 33,250 – 94.2% of capacity. Season ticket sales fell from 25,600 to 23,100 but this was compensated for by increased match ticket sales at higher average prices. Cup gate revenue dropped by £0.7m because the club did not repeat the extended Carling Cup run it had enjoyed in 2007/08. There was also a £0.3m reduction in membership income.

£1.2m of the increase in TV and other Premier League distributions was a result of the annual increase in the basic contract value. £1.4m resulted from three extra live TV games in the season (14 as against 11 in 2007/08) and £0.8m from one extra unit of merit award due to the club finishing in 9<sup>th</sup> position as against 10<sup>th</sup> in the preceding season.

Last year's financial review had alerted readers to the impact of the loss of the XL.com sponsorship in this year's accounts. In overall terms the cost to the group is estimated to have been in the region of £4 million on commercial and retail income. The group was fortunate to secure SBOBET as a replacement principal sponsor at short notice and has, since the year end, entered into a long term contract with this sponsor on favourable terms.

As previously reported, the group outsourced its catering and hospitality operation to Compass Group plc in July 2008 and so the figure recorded for catering and hospitality turnover above represents only one month's income. Royalties received from Compass are included within commercial income.

### Cash Flow & Borrowings

The table below reconciles (loss)/profit before player trading and after interest to movements in borrowings over the period.

# WH HOLDING LIMITED

## FINANCIAL REVIEW (continued)

	Total	2008/09	2007/08	2006/07	2005/06	2004/05
	£m	FAPL £m	FAPL £m	FAPL £m	FAPL £m	CCC £m
(Loss)/profit before player trading and after interest	(58.3)	(18.6)	(34.7)	(13.0)	11.8	(3.8)
Depreciation & disposal of fixed assets	16.0	3.5	3.7	3.2	2.9	2.7
Exceptional player amortisation & realisation costs	3.8	3.8	-	-	-	-
Working capital movements	34.4	2.3	24.2	4.7	1.6	1.6
<b>Net cash flow from operations (after interest)</b>	<b>(4.1)</b>	<b>(9.0)</b>	<b>(6.8)</b>	<b>(5.1)</b>	<b>16.3</b>	<b>0.5</b>
Transfer fees (paid)/received	(29.6)	7.4	(14.0)	(19.7)	(7.4)	4.1
Capital expenditure (net)	(7.9)	(0.9)	(1.1)	(3.7)	(2.0)	(0.2)
Taxation	-	0.4	-	(0.4)	-	-
Investment of new equity	30.5	-	30.5	-	-	-
<b>Net movements</b>	<b>(11.1)</b>	<b>(2.1)</b>	<b>8.6</b>	<b>(28.9)</b>	<b>6.9</b>	<b>4.4</b>
Opening bank borrowings	(33.8)	(42.8)	(51.4)	(22.5)	(29.4)	(33.8)
<b>Closing borrowings</b>	<b>(44.9)</b>	<b>(44.9)</b>	<b>(42.8)</b>	<b>(51.4)</b>	<b>(22.5)</b>	<b>(29.4)</b>

The composition of borrowings at each period end is as set out below

	2008/09	2007/08	2006/07	2005/06	2004/05
	FAPL £m	FAPL £m	FAPL £m	FAPL £m	CCC £m
Term loan	(31.5)	(35.0)	(21.9)	(24.1)	(26.3)
Short term bank loans	-	-	(13.9)	-	-
Shareholder loans	-	-	(26.6)	-	-
HP loans	(1.6)	(2.2)	(2.7)	-	(0.1)
Revolving credit/overdraft	(14.7)	(8.0)	-	-	(3.2)
	(47.8)	(45.2)	(65.1)	(24.1)	(29.6)
Cash balances	2.9	2.4	13.7	1.6	0.2
	<b>(44.9)</b>	<b>(42.8)</b>	<b>(51.4)</b>	<b>(22.5)</b>	<b>(29.4)</b>

The net cash outflow from operations of £9m compares favourably with the operating loss after interest of £18.6m, partly as a result of the add back of non-cash flow expenditure (depreciation of fixed assets and exceptional player amortisation and realisation costs) and partly through favourable working capital movements (mainly deferred payment of tax creditors settled in the first week of June)

The net outflow from operations was largely offset by net transfer fee income of £7.4m, discussed in more detail in the following section

The net effect was a £2.1m increase in net bank borrowings, a movement which has to be considered satisfactory in the context of the scale of losses

In overall terms it must be observed that, for a company generating £75-80m of annual turnover, bank debt of £40-45m (i.e. approximately 60% of turnover) can hardly be considered excessive. The reason why the group's level of debt is challenging is that it is relatively short term in nature, expiring as it does in August 2011, and has to be viewed alongside other liabilities such as the Sheffield United settlement and net transfer fee creditors of £14.4m

# WH HOLDING LIMITED

## FINANCIAL REVIEW

(continued)

### Player Trading

The table below shows player trading activity for the five year period, highlighting the often significant timing differences between the year in which a player is purchased or sold and the associated cash flows. For example, despite net player sale proceeds of £10.8m in the current season, a balance of £14.4m remained owing to creditors at the end of the current season, and therefore unpaid.

	Total	2008/09	2007/08	2006/07	2005/06	2004/05
	FAPL	FAPL	FAPL	FAPL	FAPL	CCC
	£m	£m	£m	£m	£m	£m
Player purchases	(104.5)	(18.7)	(34.6)	(33.0)	(16.6)	(1.6)
Net player sale proceeds	57.0	29.5	18.9	3.1	0.9	4.6
	(47.5)	10.8	(15.7)	(29.9)	(15.7)	3.0
Cash paid/(received)	29.6	(7.4)	14.0	19.7	7.4	(4.1)
Opening net debtor/(creditor)	3.5	(17.8)	(16.1)	(5.9)	2.4	3.5
Closing net (creditor)/debtor	(14.4)	(14.4)	(17.8)	(16.1)	(5.9)	2.4

2008/09 saw the group take steps to generate essential cash flow by a programme of player sales and wage savings. The table above shows net sale proceeds of £10.8m. This comprised a reduction in the size of the playing squad and the trading of certain players for less costly replacements. That said, the board was determined to avoid a "fire sale" of players which, although it would have reduced group debt, would have fatally undermined the quality of the squad and its ability to compete effectively in the Premier League. The board took the view that, in the longer term, this would not only have exposed the club to the risk of relegation but would also have had a negative impact on ticket sales and on the group's ability to negotiate favourable terms with sponsors and other commercial partners.

However, the net proceeds generated of £10.8m represented no more than 25% of the net expenditure incurred in the previous two seasons, emphasising the scale of expenditure undertaken by the group in those two seasons.

The group's high level of wages over those two seasons has already been noted. It is a truism to observe that a club's playing success (and almost certainly long term financial success) is largely dependent on how wisely it invests its available resources. It has to be concluded that many of the group's investment decisions in the last 2-3 seasons have been ill judged. Two players signed in the January 2007 transfer window have started a combined total of 15 games in three years for the club and will have cost the group £12 million over the term of their contracts. A further two players signed in the summer 2007 transfer window, one of whom has since left the club, have started a combined total of 32 games and will have cost the group £34 million over the term of their contracts. No football club can sustain this level of expenditure on underperforming members of its squad.

### Future Prospects

As stated above the cost saving initiatives implemented by the board, principally in respect of player wages, will be evident in the accounts for 2009/10 and forecasts indicate that the group is capable of returning to a position of generating operating profits in forthcoming periods.

On 5 June 2009, CB Holding ehf obtained control of the group from the former owner, Hansa ehf and, on 18 January 2010, David Sullivan and David Gold acquired a combined 50% of the group by subscription for shares in the parent company in return for a significant injection of funds. This investment provides much needed financial stability after the challenges the group has faced over recent seasons. As a consequence there was no immediate pressure to sell players in the recent January transfer window and, indeed, the club was able to sign three players to enhance its prospects of competing in the Premier League for the remainder of this season and thereafter.

Nick Igoe  
Finance Director

26 February 2010



# WH HOLDING LIMITED

## DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the period from 29 May 2008 to 31 May 2009

### Principal Activity

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 15.

The directors do not propose the payment of a dividend (2008 – nil).

### Review of the Group's Activities & Future Prospects

A review of the group's activities and future prospects is set out in the Chairman's Statement on page 4 and the Financial Review on pages 5 to 8.

### Principal Risks and Uncertainties

The group's principal business risk is that of the football 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 group's policy of preparing long term forecasts also allows it to plan with some certainty for future periods in the FA Premier League. It is a feature of football clubs' income streams that a significant element of that income is known in advance because of its long term contractual nature. Centrally negotiated broadcast and sponsorship deals are presently in place to summer 2013. The group's own sponsorship and partnership agreements are also negotiated for a number of years in advance and, since the year end, the group has concluded contracts with its principal sponsors until summer 2013. Season ticket sales (including corporate sales) are made at the start of each season or accounting period and represent the bulk of the group's match day revenue. It follows that up to 70% of the group's annual turnover will be guaranteed, or in many cases received, by 31 July each year.

To the extent that there are ever any material variances from forecast, football clubs are in the unique position of being able to trade footballers to address any potential liquidity risks, although this ability can on occasion be constrained if less transfer activity is conducted by clubs (either domestically or internationally) in any one transfer window. Clubs can also normally accelerate receipt of deferred elements of transfer fees receivable by discounting those proceeds with a financial institution, although there can be no certainty of the availability of such funding.

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 group is exposed to very occasional foreign exchange risks in respect of the purchase or sale of player registrations negotiated in foreign currency. Regrettably, in the course of the period just ended, the group had an exposure to liabilities in euros which it was unable to mitigate by forward purchase of currency. As a consequence the group incurred a loss on foreign currency translation of £1.1 million as shown in note 4 to these accounts.

# WH HOLDING LIMITED

## DIRECTORS' REPORT

(continued)

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 to which the group is exposed.

Health and safety considerations at the Boleyn Ground on match days are of paramount importance. At the start of each season the group is awarded an annual safety certificate by the Safety Advisory Group, which comprises the local authority, police, fire service and other stakeholders. Thereafter the Safety Advisory Group meets monthly and also arranges for ad hoc inspections to ensure continuing compliance with all safety criteria. The group holds £300 million of public liability insurance in respect of any one occurrence.

### Going Concern

The directors are responsible for drawing up the accounts on a going concern basis and in doing so have considered the period for at least twelve months from the date of signing these accounts. The Financial Reporting Council has issued guidelines in October 2009 for directors to assess and disclose going concern and liquidity risks. Accordingly the directors have set out herein their rationale for concluding that these accounts should be prepared on a going concern basis.

In the opinion of the board of directors the principal risks to the group's going concern status are threefold.

Firstly, the group remains dependent on the availability of bank finance and this is likely to remain the case for the foreseeable future. Note 17 to the accounts draws attention to the fact that, at the year end, the group was in breach of certain financial covenants in its loan agreement with its syndicate of banks and for this reason the term loan is classified as a current liability in these accounts. However, as also recorded in note 17, on 5 June 2009 the syndicate agreed to waive these historical breaches of covenant and, in doing so, reaffirmed its support for the group by amending the covenants of the facility to levels within which the board expects to be able to operate. The term loan and revolving credit facilities remain in place until 31 August 2011 and the board is satisfied that these facilities will remain available throughout that period. Forecasts indicate that the group expects to be able to comply with covenants imposed by the loan and revolving credit facilities for the twelve month period under consideration.

Secondly, the board has to assess the risk in relation to the group's forecast trading performance as a club participating in the Premier League, in particular in the current economic climate. As explained in the foregoing section, the board has prepared and approved forecasts for the current and forthcoming two seasons and therefore including the period of twelve months from the date of signing these accounts. The forecasts take into account appropriate player trading in summer 2010 as well as the advance sale of season ticket income for a future period – a facility which the group was successful in securing since the end of the period covered by these accounts and which the board believes would also be available in the future. The board also performs sensitivity analyses on these forecasts, including identification of mitigating actions, to take account of any projection shortfalls. Mitigating actions include the option of player disposals to generate transfer fee income and wage savings.

The board has concluded that its forecast for the period in question and the assumptions on which it is based are sufficiently robust to justify confidence in the group's going concern status. A major element of the group's annual turnover comes from contractual broadcasting and central sponsorship distributions and is therefore effectively guaranteed for the seasons covered by the group's forecasts. The group also generates turnover from season ticket, match ticket, corporate and retail sales and, while the board recognises uncertainties about these sources of income in the current economic climate, the evidence of the current season is that demand remains strong due to the high level of supporter loyalty enjoyed by the club.

# WH HOLDING LIMITED

## DIRECTORS' REPORT

(continued)

Thirdly, at the date of these accounts, the board recognises that, although it believes the club has sufficient players of quality to ensure it retains Premier League status, there remains a risk that the club might be relegated. In the event that this should happen, the board estimates that it would have to generate significant cash flows from the sale of a number of members of the first team squad together with the associated wage savings in order to compensate for the inevitable reduction in income following relegation. The board believes that the necessary savings could be achieved by player trading. It has also considered additional possible sources of finance such as the receipt of the insurance claim alluded to in note 31.

In the event that the foregoing initiatives did not generate the necessary cash flows to allow the group to operate within its borrowing limits, certain of the group's shareholders have undertaken to provide what the board has concluded would be a sufficient level of financial support to allow the group to continue to operate within agreed borrowing limits.

Consequently, after making enquiries and taking account of the uncertainties described above, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

### Directors

The directors who held office throughout the year, except as noted, are as follows:

D Sullivan (appointed 18 January 2010)  
D Gold (appointed 18 January 2010)  
K Brady (appointed 18 January 2010)  
N Igoe  
R Ellis (appointed 24 July 2009)  
A Bernhardt (appointed 5 June 2009, resigned 18 January 2010)  
SI Duxbury (resigned 25 January 2010)  
B Gudmundsson (resigned 5 June 2009)  
A Fridgeirsson (resigned 5 June 2009)  
M Lee (resigned 4 November 2008)  
GJ Oddsson (resigned 4 November 2008)

### Payment of Suppliers

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 2009 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 66 days' credit (2008 – 65 days'). Average figures calculated on the basis laid down by the regulations may be distorted by the irregular pattern of invoiced supplies during the period.

# WH HOLDING LIMITED

## DIRECTORS' REPORT (continued)

### Employee Consultation and Involvement

The group's policy is to communicate honestly with employees and encourage consultation between employees and management. It places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings usually with the chief executive or other senior management and has been underpinned this year by the introduction of a group intranet and a performance appraisal system for all staff.

### Disabled Employees

The group gives full consideration to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### 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 s418 of the Companies Act 2006.

### Auditors

Deloitte LLP have indicated their willingness to be appointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board



N Igwe  
Secretary

26 February 2010

# 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). 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 group and 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

By order of the board



**N Igwe**  
**Secretary**

**26 February 2010**

# WH HOLDING LIMITED

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

We have audited the financial statements of WH Holding Limited for the period ended 31 May 2009 which comprise the primary statements such as the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and notes and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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

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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2009 and of the group's loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

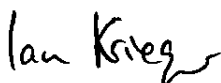
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



**Ian Krieger (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

26 February 2010

# WH HOLDING LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period ended 31 May 2009

	Notes	Period ended 31 May 2009			Period ended 28 May 2008		
		Operations excluding player trading £000	Player trading * (notes 8 & 12) £000	Total £000	Operations excluding player trading £000	Player trading * (notes 8 & 12) £000	Total £000
Turnover	3	76,091	-	76,091	81,543	-	81,543
Other operating income		772	-	772	183	-	183
Exceptional expenses	4	(6,626)	(3,905)	(10,531)	(27,313)	-	(27,313)
Administrative expenses		(80,984)	-	(80,984)	(86,030)	-	(86,030)
Amortisation of intangible fixed assets		-	(20,000)	(20,000)	(3,797)	(18,836)	(22,633)
Provision for impairment of goodwill		-	-	-	(32,270)	-	(32,270)
Total operating expenses		(87,610)	(23,905)	(111,515)	(149,410)	(18,836)	(168,246)
Operating loss	5	(10,747)	(23,905)	(34,652)	(67,684)	(18,836)	(86,520)
Profit on disposal of players	8	-	22,466	22,466	-	16,114	16,114
Loss before interest		<u>(10,747)</u>	<u>(1,439)</u>	<u>(12,186)</u>	<u>(67,684)</u>	<u>(2,722)</u>	<u>(70,406)</u>
Net interest payable	9			(3,980)			(1,887)
Loss on ordinary activities before and after taxation	26			<u>(16,166)</u>			<u>(72,293)</u>

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

All activities derive from continuing operations

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the period ended 31 May 2009

	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Loss for the financial year	(16,166)	(72,293)
Unrealised loss on revaluation of properties	(7,796)	-
Total recognised losses for the year	<u>(23,962)</u>	<u>(72,293)</u>

# WH HOLDING LIMITED

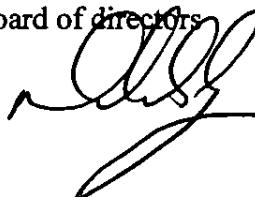
## CONSOLIDATED BALANCE SHEET

as at 31 May 2009

	Note	31 May 2009		28 May 2008	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	12		36,080		48,349
Tangible assets	11		76,331		86,740
			<u>112,411</u>		<u>135,089</u>
<b>Current assets</b>					
Stocks	14	185		469	
Debtors	15	18,189		15,659	
Cash at bank and in hand		2,915		2,389	
		<u>21,289</u>		<u>18,517</u>	
<b>Creditors - amounts falling due within one year</b>	16	(95,842)		(84,036)	
<b>Net current liabilities</b>			<u>(74,553)</u>		<u>(65,519)</u>
<b>Total assets less current liabilities</b>			<u>37,858</u>		<u>69,570</u>
<b>Creditors – amounts falling due after more than one year</b>	16		(33,659)		(38,871)
<b>Deferred grants</b>	21		(2,762)		(2,829)
<b>Provisions for liabilities and charges</b>	22,23		(1,727)		(4,198)
<b>Net (liabilities)/assets</b>			<u>(290)</u>		<u>23,672</u>
<b>Capital and reserves</b>					
Called up share capital	24		110,500		110,500
Revaluation (deficit)/reserve	25		(5,932)		2,538
Profit and loss account	26		(104,858)		(89,366)
<b>Total shareholders' (deficit)/funds</b>	27		<u>(290)</u>		<u>23,672</u>

These financial statements, for company registration number 5993863, were approved by the board of directors on 26 February 2010.

Signed on behalf of the board of directors

 N Igwe

Director



# WH HOLDING LIMITED


## COMPANY BALANCE SHEET

as at 31 May 2009

	Note	31 May 2009		28 May 2008	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Investments	13		65,000		119,384
<b>Current assets</b>					
Debtors	15	3,815		11,115	
<b>Creditors - amounts falling due within one year</b>	16	(2,700)		(10,000)	
<b>Net current assets</b>			1,115		1,115
<b>Total assets less current liabilities</b>			66,115		120,499
<b>Creditors - amounts falling due after one year</b>	16		(10,000)		(10,000)
<b>Net assets</b>			55,115		110,499
<b>Capital and reserves</b>					
Called up share capital	24		110,500		110,500
Profit and loss account	26		(54,385)		(1)
<b>Total shareholders' funds</b>			55,115		110,499

These financial statements, for company registration number 5993863, were approved by the board of directors on 26 February 2010.

Signed on behalf of the board of directors

 N Igwe

Director

# WH HOLDING LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 May 2009

	Note	Period ended 31 May 2009		Period ended 28 May 2008	
		£000	£000	£000	£000
<b>Net cash outflow from operating activities</b>	A		(4,976)		(4,904)
<b>Returns on investments &amp; servicing of finance</b>					
Interest paid		(4,058)		(2,265)	
Interest received		78		378	
<b>Net cash outflow from returns on investments &amp; servicing of finance</b>			(3,980)		(1,887)
<b>Corporation tax recovered</b>			384		-
<b>Capital expenditure &amp; financial investment</b>					
Purchase of tangible fixed assets		(935)		(1,112)	
Proceeds on disposal of tangible fixed assets		13		17	
Purchase of player registrations		(19,887)		(26,329)	
Proceeds on disposal of player registrations		27,317		12,304	
<b>Net cash inflow/(outflow) from capital expenditure &amp; financial investment</b>			6,508		(15,120)
<b>Acquisitions and disposals</b>					
Purchase of subsidiary undertaking (note 13)			-		4
<b>Net cash outflow before financing</b>			(2,064)		(21,907)
<b>Financing</b>					
Issue of ordinary shares		-		110,490	
Repurchase of ordinary shares		(5)		-	
Conversion to equity of redeemable preference shares		-		(44,990)	
Conversion to equity of loan notes		-		(45,000)	
Bank loans advanced		-		21,907	
Revolving credit facility drawn down		6,700		8,000	
Loans repaid to from companies controlled by major investor		-		(16,600)	
Bank and other loans repaid		(3,500)		(22,671)	
Hire and lease purchase loans repaid		(605)		(558)	
<b>Net cash inflow from financing</b>			2,590		10,578
<b>Increase/(decrease) in cash &amp; bank balances</b>			526		(11,329)

# WH HOLDING LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 May 2009

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

	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Operating loss from continuing activities	(34,652)	(86,520)
Depreciation charge	3,541	3,784
Profit on disposal of tangible fixed assets	(6)	-
Release of deferred grant income	(67)	(67)
Amortisation of cost of player registrations	20,000	18,836
Exceptional amortisation costs	1,652	-
Exceptional realisation costs	2,253	-
Amortisation of goodwill	-	3,797
Provision for impairment of goodwill	-	32,270
Decrease/(increase) in stocks	284	(156)
Increase in debtors	(742)	(1,053)
Increase in creditors	2,761	24,205
Net cash outflow from operating activities	<u>(4,976)</u>	<u>(4,904)</u>

### B Analysis of Changes in Net Debt

	29 May 2008 £000	Cash flows £000	Other non- cash changes £000	31 May 2009 £000
Cash at bank and in hand	2,389	526	-	2,915
Revolving credit facility	(8,000)	(6,700)	-	(14,700)
Amount owing to company controlled by major shareholder	(10,000)	-	-	(10,000)
	<u>(15,611)</u>	<u>(6,174)</u>	<u>-</u>	<u>(21,785)</u>
Debt due within one year	(35,000)	3,500	-	(31,500)
Debt due after one year	(611)	-	-	(611)
Hire and lease purchase loans	(2,181)	605	-	(1,576)
	<u>(37,792)</u>	<u>4,105</u>	<u>-</u>	<u>(33,687)</u>
	<u>(53,403)</u>	<u>(2,069)</u>	<u>-</u>	<u>(55,472)</u>

### C Reconciliation of Net Cash Flow to Movement in Net Debt

	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Decrease in cash & short term loans in the year	(6,174)	(2,729)
Cash outflow from decrease in debt and lease financing	4,105	91,312
Change in net debt resulting from cash flows	<u>(2,069)</u>	<u>88,583</u>
New hire purchase loans	-	(32)
Net debt at start of period	(53,403)	(141,954)
Net debt at end of period	<u>(55,472)</u>	<u>(53,403)</u>

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS for the period ended 31 May 2009

### 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.

#### *Going concern*

The accounts have been prepared on the going concern basis as discussed further in the Directors' Report on pages 9 to 12.

#### *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 Beckton 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, including agents' fees and transfer fee levy, are capitalised at cost. The cost is then amortised on a straight line basis over the period of the player's contract. In accordance with FRS 10, where a player's contract is renegotiated before its expiry, on broadly similar financial terms, the unamortised balance of the original capitalised cost is then amortised over the term of the new contract together with any costs associated with the renegotiation.

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 1 Accounting Policies (continued)

#### *Intangible assets – player registrations (continued)*

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

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. Goodwill is amortised over ten years, that being the estimated useful economic life. Following an impairment review in the prior period, the unamortised balance of goodwill was written down to nil. This impairment review incorporated a discount rate of 11% in its value in use calculations.

#### *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.

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 1 Accounting Policies (continued)

#### *Investments*

Investments are carried at cost less provision for any impairment

#### *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.

### 2 Company Profit and Loss Account

In accordance with the provisions of section 408 of the Companies Act 2006, the profit and loss account for the parent company is not included in these accounts. The retained loss for the parent company amounted to £54,384,000 (2008 profit - £1,146,000) for the period, as a result of the investment impairment provision (see note 12).

### 3 Turnover

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

	Group	
	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Match receipts and related football activities	17,633	18,337
Broadcast and central sponsorship distributions	44,166	40,790
Commercial activities	10,285	12,504
Retail and merchandising	3,729	5,357
Catering and hospitality	278	4,555
	<u>76,091</u>	<u>81,543</u>

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 4 Exceptional Items

	Group	
	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Contract termination of a senior player due to injury	1,652	-
Amortisation of intangible asset	1,913	-
Post year end wage costs	2,253	-
Realisation costs	5,818	-
Compensation for loss of office and associated professional fees	3,299	458
Loss on foreign exchange transactions	1,132	-
Exceptional bank charges and associated professional fees	782	-
Settlement of claim for damages	-	21,000
Settlement of litigation (net of amount recovered)	-	750
Professional fees in respect of litigation	-	3,709
(Release of) provision for grant payable	(500)	500
Contributions towards deficit on Football League Pension and Life Assurance Scheme	-	896
	<u>10,531</u>	<u>27,313</u>

Tax attributable to exceptional items was £2,949,000 (2008 – £7,648,000) As the group is loss making this merely serves to increase tax losses (see note 10)

### 5 Operating Loss

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

	Group	
	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Employment costs (note 6)	66,749	64,687
Depreciation on tangible fixed assets (note 11)		
- owned assets	3,023	3,266
- assets held under hire and lease purchase contracts	518	518
Release of grant income	(67)	(67)
Fees payable to the company's auditors for the audit of the company's annual accounts	6	6
Fees payable to the company's auditors for other services		
- audit of company's subsidiaries pursuant to legislation	48	61
- other services pursuant to legislation	13	13
- tax services	28	33
Operating leases	425	399
Profit on disposal of fixed assets	(6)	-

The audit fee for the company of £6,000 (2008 - £6,000) is borne by West Ham United Football Club Limited

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 6 Staff Costs and Employees

	Group	
	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Wages and salaries	55,078	56,365
Directors' fees	71	73
Compensation for loss of office	4,582	458
Social security costs	6,766	6,655
Other pension contributions	252	1,136
	<u>66,749</u>	<u>64,687</u>
	Number	Number
<u>Average number of persons employed (including directors)</u>		
Players, team management & training	107	103
Commercial & administrative	110	156
	<u>217</u>	<u>259</u>
Part-time employees	728	1,122
	<u>945</u>	<u>1,381</u>

Staff costs include exceptional expenditure of £6,751,000 (2008 – £458,000) (see note 4)

### 7 Directors' Emoluments

	Group	
	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Emoluments	610	682
Fees	71	73
Aggregate payments made to a defined contribution pension scheme	65	20
	<u>746</u>	<u>775</u>
<u>Emoluments of highest paid director</u>		
Emoluments	315	420
Aggregate payments made to a defined contribution pension scheme	34	-
	<u>349</u>	<u>420</u>
	Number	Number
Directors who are members of a defined contributions pension scheme	2	2



# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 8 Profit on Disposal of Players

	Group	
	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Disposal proceeds (net of costs of realisation)	31,742	18,846
Net book value of players sold (note 12)	(9,276)	(2,732)
	<u>22,466</u>	<u>16,114</u>

In addition to the above there was a further £2,253,000 of exceptional realisation costs (see note 4)

Tax attributable to the profit on disposal of players was a charge of £6,290,000 (2008 - £4,512,000) As the company is loss making this merely serves to reduce tax losses (see note 10)

### 9 Net Interest Payable

	Group	
	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Interest payable on bank overdrafts and loans	3,202	3,111
Interest waived on loan notes	-	(1,147)
Hire purchase loan interest	143	181
Discounting costs	643	85
Interest payable on loans from companies controlled by major shareholder	-	35
Other interest payable	70	-
	<u>4,058</u>	<u>2,265</u>
Bank and other interest receivable	(78)	(378)
	<u>3,980</u>	<u>1,887</u>

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

### 10 Taxation on Loss on Ordinary Activities

As at 31 May 2009, cumulative tax losses available to carry forward against future trading profits were approximately £61,000,000 (2008 - £47,000,000) subject to agreement with HM Revenue & Customs

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

	Group	
	Period ended 31 May 2009 £000	Period ended 28 May 2008 £000
Loss on ordinary activities before tax	<u>(16,166)</u>	<u>(72,293)</u>
Tax credit @ 28% (2008 - 29.67%) thereon	(4,526)	(21,447)
Expenses not deductible for tax purposes	408	10,730
Capital allowances for period less than depreciation	204	141
Other timing differences	(173)	385
Increase in tax losses	4,087	10,191
Current corporation tax charge for year	<u>-</u>	<u>-</u>

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 11 Group Tangible Fixed Assets

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor vehicles £000	Total £000
<u>Cost or valuation</u>				
29 May 2008	91,183	15,749	232	107,164
Additions	278	657	-	935
Adjustment on revaluation	(7,575)	(221)	-	(7,796)
Disposals	-	(837)	-	(837)
31 May 2009	83,886	15,348	232	99,466
<u>Depreciation</u>				
29 May 2008	12,079	8,178	167	20,424
Charge for the year	1,976	1,538	27	3,541
Disposals	-	(830)	-	(830)
31 May 2009	14,055	8,886	194	23,135
<u>Net book value</u>				
31 May 2009	69,831	6,462	38	76,331
28 May 2008	79,104	7,571	65	86,740

Edward Symmons & Partners, Chartered Surveyors, undertook valuations of the freehold properties belonging to the company as at 16 July 2009. 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	66,300
Chadwell Heath training ground	Depreciated replacement cost	4,550
Little Heath training ground	Existing use value	1,500
Beckton Community Centre	Depreciated replacement cost	700

The value of land included in the above is £13,510,000. The valuation of the Boleyn Ground includes plant, fittings & equipment valued at £1,940,000. The valuation of the Chadwell Heath training ground includes plant, fittings & equipment valued at £1,279,000.

The comparable amounts for freehold land and buildings determined according to the historical cost convention are cost of £39,212,000 (2008 – £38,934,000) and accumulated depreciation of £10,985,000 (2008 – £9,685,000).

All of the freehold properties are charged to Standard Bank plc as agent for a syndicate of banks.

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

	Group	
	31 May 2009 £000	28 May 2008 £000
Plant, fittings & equipment	1,924	2,461
Motor vehicles	25	39
	<u>1,949</u>	<u>2,500</u>

The company does not hold any tangible fixed assets.

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 12 Intangible Fixed Assets

	Player Registrations £000	Goodwill on acquisition £000	Total £000
<u>Cost</u>			
29 May 2008	78,885	37,965	116,850
Additions	18,659	-	18,659
Disposals	(16,823)	-	(16,823)
31 May 2009	80,721	37,965	118,686
<u>Amortisation</u>			
29 May 2008	30,536	37,965	68,501
Charge for the year	20,000	-	20,000
Exceptional charge for the year	1,652	-	1,652
Disposals	(7,547)	-	(7,547)
31 May 2009	44,641	37,965	82,606
<u>Net book value</u>			
31 May 2009	36,080	-	36,080
28 May 2008	48,349	-	48,349

### 13 Investments held as Fixed Assets

	Company	
	31 May 2009 £000	28 May 2008 £000
Ordinary shares in subsidiary undertakings at cost	119,384	119,384
Impairment provision	(54,384)	-
Book value	65,000	119,384

Subsidiary undertakings comprise the following

Company	Percentage of ordinary shares held	Country of incorporation and operation	Principal activities
West Ham United Limited (formerly West Ham United plc)	100%	Great Britain	Holding company
West Ham United Football Club Limited (formerly West Ham United Football Club plc)	100%	Great Britain	Professional football club
West Ham United Sportswear Limited	100%	Great Britain	Non trading
West Ham United Hospitality Limited	100%	Great Britain	Non trading
West Ham United FC Limited	100%	Great Britain	Non trading
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

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 14 Stocks

	Group	
	31 May 2009	28 May 2008
	£000	£000
Goods for resale	185	469

The company does not hold any stock. There is no material difference between the balance sheet value of stocks and their replacement cost.

### 15 Debtors

	Group		Company	
	31 May 2009	28 May 2008	31 May 2009	28 May 2008
	£000	£000	£000	£000
Trade debtors	1,376	1,797	-	-
Amounts owing by group undertaking	-	-	3,815	11,115
Debtors arising from player transfers	10,567	8,395	-	-
Other debtors	537	430	-	-
Corporation tax recoverable	-	384	-	-
Prepayments and accrued income				
– due within one year	5,570	4,403	-	-
– due after more than one year	139	250	-	-
	<u>18,189</u>	<u>15,659</u>	<u>3,815</u>	<u>11,115</u>

### 16 Creditors

	Group		Company	
	31 May 2009	28 May 2008	31 May 2009	28 May 2008
	£000	£000	£000	£000
<u>Due within one year</u>				
Revolving credit facilities (note 19)	14,700	8,000	2,700	-
Bank loan (notes 17 & 19)	31,500	35,000	-	-
Obligations under hire and lease purchase contracts (notes 17 & 20)	614	600	-	-
Trade creditors	3,779	4,035	-	-
Amounts owing to group undertaking	-	-	-	10,000
Taxation and social security	7,288	3,508	-	-
Creditors arising from player transfers	19,372	16,899	-	-
Other creditors	8,827	8,235	-	-
Season ticket and other receipts in advance	2,793	2,190	-	-
Accruals	6,969	5,569	-	-
	<u>95,842</u>	<u>84,036</u>	<u>2,700</u>	<u>10,000</u>
<u>Due after more than one year</u>				
Debenture loans & subscriptions (notes 17 & 18)	611	611	-	-
Obligations under hire and lease purchase contracts (notes 17 & 20)	962	1,581	-	-
Amount owing to company controlled by major shareholder	10,000	10,000	10,000	10,000
Season ticket and other receipts in advance	210	420	-	-
Creditors arising from player transfers	3,883	5,113	-	-
Other creditors	17,993	21,146	-	-
	<u>33,659</u>	<u>38,871</u>	<u>10,000</u>	<u>10,000</u>

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 16 Creditors (continued)

As disclosed in note 17, the bank loan at 31 May 2009 and 28 May 2008 was technically repayable on demand and, accordingly, the entire loan at that date is classified as a current liability in these financial statements

The loan from a company controlled by the major shareholder is repayable at the discretion of WH Holding Limited. After the year end this loan was converted into equity by the issue of 1,000,000 ordinary shares at £10 each

### 17 Total Borrowings and Hire Purchase Obligations

	Group	
	31 May 2009 £000	28 May 2008 £000
Debenture loans & subscriptions repayable after 5 years or more	611	611
Revolving credit facilities	14,700	8,000
Bank loan repayable		
Within 1 year or on demand	31,500	35,000
Obligations under hire and lease purchase contracts repayable		
Within 1 year	614	600
After 1 year or more	962	1,581
	1,576	2,181
	<u>48,387</u>	<u>45,792</u>

The bank loan of £31,500,000 is made available to West Ham United Limited, and its subsidiary companies. At 31 May 2009 and 28 May 2008 the group was in default of certain financial covenants, specifically in relation to interest cover and the ratio of player wages to group turnover. In such circumstances, the bank loan was technically repayable on demand and, accordingly, the entire loan at those dates is classified as a current liability in these financial statements and those of the holding company.

On 5 June 2009 the group reached agreement with the group's syndicate of banks to waive these historical breaches of covenant and, accordingly, the loan will be repaid over the following period:

	£000
Within 1 year or on demand	3,500
Between 1 and 2 years	3,500
Between 2 and 5 years	24,500
	<u>31,500</u>

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 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 2009 and 28 May 2008 the following applications had been received:

	Group	
	31 May 2009 £000	28 May 2008 £000
97 'A' bonds	49	49
641 'B' bonds	481	481
70 'C' bonds	68	68
Part payments	13	13
	<u>611</u>	<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.

### 19 Bank Loan and Revolving Credit Facility

The bank loan, in the sum of £31,500,000 is provided by a syndicate of five banks. This loan is repayable between August 2008 and August 2011 and interest is charged at 2.5% over LIBOR.

The principal revolving credit facility is in the sum of £12,000,000 and provided by four members of the syndicate of banks. The facility is available until August 2011. Drawdowns are for a maximum of three months at a time but may be rolled over on maturity and interest is charged at 2.5% over LIBOR.

This loan and the revolving credit facility are secured by legal charges on the group's freehold land and buildings and debentures over all the assets and undertaking of West Ham United Limited and its subsidiary companies in favour of the syndicate of five banks.

An additional revolving credit facility was made available in October 2008 and the sum of £2,700,000 was drawn down. This facility is presently available to 30 September 2011 and is subject to interest at 8.5% over LIBOR (amended to 5% over LIBOR with effect from 1 February 2010).

### 20 Obligations Under Hire and Lease Purchase Contracts

Obligations under hire and lease purchase contracts of £1,576,000 (2008 - £2,181,000) 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	
	31 May 2009 £000	28 May 2008 £000
At start of period	2,829	2,896
Released to profit & loss account	(67)	(67)
At end of period	<u>2,762</u>	<u>2,829</u>

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 22 Provisions for Liabilities and Charges – Cost of Player Registrations

	Group	
	31 May 2009 £000	28 May 2008 £000
At start of period	4,198	5,764
Utilised in the period	(2,471)	(1,566)
At end of period	<u>1,727</u>	<u>4,198</u>

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

### 23 Provisions for Liabilities and Charges – Deferred Taxation

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

	Group	
	31 May 2009 £000	28 May 2008 £000
Capital allowances in excess of depreciation	1,346	1,581
Other timing differences	(439)	(609)
Unutilised tax losses	(907)	(972)
Total deferred tax liability	<u>-</u>	<u>-</u>

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

	Group	
	31 May 2009 £000	28 May 2008 £000
Depreciation in excess of capital allowances	-	(65)
Unutilised tax losses	(16,372)	(12,170)
	<u>(16,372)</u>	<u>(12,235)</u>
Surplus on revaluation of properties	4,316	7,625
Unprovided deferred tax asset	<u>(12,056)</u>	<u>(4,610)</u>

The deferred tax asset of £16,372,000 (2008 – £12,235,000) 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". It is the group's intention to retain these properties for the foreseeable future. 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

	<i>Number of shares</i>	<b>Group &amp; Company</b>	
		<b>31 May 2009 £000</b>	<b>28 May 2008 £000</b>
<u>Authorised (ordinary shares of £1)</u>			
At start of period	200,000,000	200,000	500
Creation of new shares	-	-	199,500
At end of period	<u>200,000,000</u>	<u>200,000</u>	<u>200,000</u>
<u>Called up, allotted and fully paid (ordinary shares of £1)</u>			
At start of period	110,500,000	110,500	10
Conversion of redeemable preference shares to ordinary shares	-	-	44,990
Capitalisation of loan notes	-	-	45,000
Share issue	-	-	20,500
At end of period	<u>110,500,000</u>	<u>110,500</u>	<u>110,500</u>

### 25 Revaluation Reserve

	<b>Group</b>	
	<b>31 May 2009 £000</b>	<b>28 May 2008 £000</b>
At start of period	2,538	3,213
Adjustment on revaluation of properties	(7,796)	-
Transfer to profit and loss account	(674)	(675)
At end of period	<u>(5,932)</u>	<u>2,538</u>

### 26 Profit and Loss Account

	<b>Group</b>		<b>Company</b>	
	<b>31 May 2009 £000</b>	<b>28 May 2008 £000</b>	<b>31 May 2009 £000</b>	<b>28 May 2008 £000</b>
At start of period	(89,366)	(18,182)	(1)	(1,581)
Retained (loss)/profit for the period	(16,166)	(72,293)	(54,384)	1,146
Preference dividend waived	-	434	-	434
Transfer from revaluation reserve	674	675	-	-
At end of period	<u>(104,858)</u>	<u>(89,366)</u>	<u>(54,385)</u>	<u>(1)</u>

The historical cost loss for the group for the period was £15,492,000 (2008 - £71,618,000) The difference from the retained loss for the year arises from the historical cost depreciation charge being lower than the actual depreciation charge for the year



# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 27 Reconciliation of Movements in Shareholders' (Deficit)/Funds

	Group	
	31 May 2009 £000	28 May 2008 £000
Retained loss for the year	(16,166)	(72,293)
Preference dividend waived	-	434
Issue of ordinary shares	-	110,490
Adjustment on revaluation of properties	(7,796)	-
Opening shareholders' funds/(deficit)	23,672	(14,959)
Closing shareholders' (deficit)/funds	<u>(290)</u>	<u>23,672</u>

### 28 Capital Commitments

There were no capital commitments contracted for but not provided in the financial statements (2008 – nil)

### 29 Operating Lease Commitments

At 31 May 2009 the group was committed to making the following annual payments in respect of operating leases

	Group	
	31 May 2009 £000	28 May 2008 £000
<u>Land and buildings</u>		
Expiring within one year	30	-
Expiring after five years	253	253
	<u>283</u>	<u>253</u>
<u>Other operating leases</u>		
Expiring within one year	17	14
Expiring within two to five years	113	88
	<u>130</u>	<u>102</u>
	<u>413</u>	<u>355</u>

### 30 Contingent Liabilities & Guarantees

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 £1,510,000 (2008 – £1,250,000)

HM Revenue & Customs has recently made certain enquiries with West Ham United Football Club Limited regarding image rights contracts entered into between the company and companies holding the image rights of certain employees. To date, the company has merely furnished HM Revenue & Customs with any information requested in relation to these contracts.

West Ham United Football Club Limited is presently defending claims brought by a number of parties which will be dealt by way of arbitration hearings under either FA or FA Premier League rules. The total claims amount to approximately £3.8m.

Other than with regard to the potential contingent liability in respect of additional transfer fees, contingent liabilities are not expected to give rise to any material losses.

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 31 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.

Note 4 (Exceptional items) disclosed a provision for impairment of value of player registration in the sum of £5,818,000 necessitated by a career ending injury to a member of the playing squad. The injury was incurred while the player was on international duty with England and the group is pursuing a claim against the Football Association and its insurers as a consequence of this injury.

### 32 Post Balance Sheet Events

Transfers of player registrations completed subsequent to 31 May 2009 amount to a net £5,211,000 payable by the group (2008 – £11,673,000 receivable) with a further net £3,837,000 payable (2008 – £3,754,000 receivable) contingent on certain future events.

On 13 February 2009, the group entered into an option agreement to purchase the freehold interest in the Rush Green Training Ground from Ford Motor Company Limited. On 30 June 2009 the group exercised the option pursuant to that agreement and, on 30 September 2009, completed the acquisition of the property for a sum of £1.4 million.

As shown in note 17, since the end of the financial period, the group's syndicate of banks has agreed to waive certain breaches of financial covenants in respect of the period ended 28 May 2008.

On 28 November 2009, CB Holding ehf, at that time the group's holding company, agreed to convert a £10 million creditor balance into equity by the subscription for 1,000,000 ordinary shares of £1 each, representing a premium of £9 per share.

On 18 January 2010, as a consequence of a subscription for newly issued shares in the company, Messrs David Sullivan and David Gold acquired 25% each of the issued share capital of the company.

### 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 group, 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 an actuarial funding review 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 UK pensions legislation, participating employers to the scheme, including the group, are required to contribute to the deficit in accordance with an agreed schedule of contributions. Following the actuarial valuation as at 31 August 1999 a schedule of contributions was put in place in July 2001 to pay off the deficit disclosed. It is required to carry out actuarial valuations every three years and updated deficits as at 31 August 2002, 31 August 2005 and 31 August 2009 were certified by the scheme actuary in January 2003, March 2006 and July 2009 with new schedules of contributions put in place in April 2003, April 2006 and September 2009 which took account of market movements since the valuation date.

Following these four valuations, the group's total contribution towards the deficit was calculated as £3,222,000. 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 September 2009 and August 2019.

Total pension costs charged during the year amounted to £252,000 (2008 - £1,136,000).

# WH HOLDING LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 34 Ultimate Controlling Party

At the balance sheet date, Hansa ehf, a company incorporated in Iceland (registration number 560793-2009), was WH Holding Limited's immediate parent company and Mr Bjorgolfur Gudmundsson, at that time a director of the company, was the ultimate controlling party of the company as a result of controlling, directly or indirectly, 100% of the issued share capital of the company

On 8 June 2009 CB Holding ehf, a company incorporated in Iceland (registration number 660209-0930), completed the acquisition of the share capital of WH Holding Limited from Hansa ehf. Straumur-Burdaras Investment Bank hf holds 69.4% of the shares in CB Holding ehf and therefore became the ultimate controlling entity with effect from 8 June 2009

On 9 March 2009, the Financial Supervisory Authority of Iceland ("FME") had appointed a Resolution Committee to take control of Straumur

On 18 January 2010, by means of a subscription for newly issued shares in the company, Messrs David Sullivan and David Gold acquired 25% each of the issued share capital of WH Holding Limited

Following this transaction there is no ultimate controlling party of the company

### 35 Related Party Transactions

Straumur-Burdaras Investment Bank hf ("Straumur") is an Icelandic bank in which the son of the company's major shareholder at the balance sheet date, Mr B Gudmundsson, formerly had a significant interest. On 9 March 2009, the Financial Supervisory Authority of Iceland ("FME") appointed a Resolution Committee to take control of Straumur since which date Mr Gudmundsson's son no longer has any interest in Straumur. On 19 March 2009 the District Court of Reykjavik granted a moratorium to Straumur. On 16 June 2009 this moratorium was extended to 11 December 2009 and on 16 December 2010 the moratorium was extended again to 10 September 2010

Straumur has an indirect shareholding in the company by virtue of its 69.4% shareholding in CB Holding ehf. CB Holding ehf acquired the share capital of WH Holding Limited, the company's UK parent company, from its former owner, Hansa ehf, on 8 June 2009, and at the date of these accounts holds 50% of the share capital of WH Holding Limited

In January 2008 the group concluded negotiations for a new combined term loan and revolving credit facility with a syndicate of five banks of which Straumur is a member. Amounts owing to Straumur at 31 May 2009 totalled £6,300,000 in respect of the term loan and £3,000,000 in respect of the revolving credit facility. Straumur's share of interest and charges paid to the syndicate or accrued as at the year end totalled £700,800

In October 2008, Straumur made available to the company a revolving credit facility of which £2,700,000 was drawn down and this balance remains owing to Straumur at 31 May 2009. Interest and charges accrued in respect of this facility totalled £246,700

In the course of the year the group provided match day hospitality facilities to Landsbanki Islands hf ("Landsbanki") in the sum of £163,600. This amount remained owing by Landsbanki at 31 May 2009. The company's major shareholder at the balance sheet date, Mr B Gudmundsson, together with his son, formerly had a significant interest in Landsbanki and was chairman of that company. On 7 October 2008, the FME appointed a Resolution Committee to take control of Landsbanki and, on 5 December 2008, the District Court of Reykjavik granted a moratorium to Landsbanki. Accordingly, Mr Gudmundsson and his son no longer have any interest in Landsbanki. As a result of the action by the FME, the likelihood of receiving payment of this claim appears to be remote

Mr GJ Oddsson, a director of the company until 4 November 2008, is also a partner in Logos, a firm of solicitors, which undertook legal work on behalf of the group in the course of the year. Fees paid to Logos in respect of these services totalled £122,600 (2008 - £36,800)

Mr M Lee, a director of the company until 4 November 2008, is also a director of and controlling shareholder in Vero Communications Limited which undertook work on behalf of the group in the course of the year. Fees paid to Vero in respect of these services totalled £143,700 (2008 - £158,500)

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